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NEWS SUMMARY

GENERAL

Queen set on Zambia visit

The Queen is still determined to open the Commonwealth Prime Ministers' Conference in Lusaka, Zambia, next month in spite of the threat posed by Joshua Nkomo's terrorist forces.

A Buckingham Palace statement said: "At present it is the firm intention that the Queen will be going." Mr. Robert Muldoon, New Zealand's Prime Minister, has said he fears the Queen's plane could be shot down by the "relatively undisciplined" guerrillas.

One of the main problems facing the Queen's advisers is that the conference site is close to the bases being used by the Patriotic Front forces fighting the government of Bishop Abel Muzorewa in neighbouring Zimbabwe Rhodesia.

Iran 'traitors'

Iran's most prominent anti-Shah guerrilla group, the Marxist Fedayan-E-Khalq, has been denounced by Dr. Mehdi Bazargan, the Prime Minister, as traitors to the new Islamic regime.

More bombings

Basque guerrillas continued their bombing attacks against Spanish tourist resorts and machine-gunned a sleeper train from Paris near the Spanish border. Serious flooding, and an hotel fire in Majorca added to the tourist industry's troubles. Back Page

Change of heart

Malaysia will stops its policy of pushing back to sea Vietnamese refugees if Vietnam and Western countries agree to set up camps to process them for resettlement, Tan Sri Ghhozali Shafie, the Interior Minister, said.

Wade beaten

Britain's Virginia Wade was beaten 6—4, 6—0 by Evonne Cawley in her Wimbledon quarter final match. The number one seed, Miss Martina Navratilova, beat Australia's Dianne Fromholtz 2—6, 6—3, 6—0. Page 8

Alcohol problem

The drinks industry is concerned about the growing problem of alcohol abuse among young people, Sir Derrick Holden-Brown, chairman of the Brewers' Society, said. Page 8

Mulder charged

Dr. Connie Mulder, the disgraced former South African Minister of Information, is to be charged with contempt for refusing to give evidence to the government inquiry into the former Information Department's secret operations. Page 3

Llewellyn banned

Roddy Llewellyn, friend of Princess Margaret, was banned from driving for 18 months and fined a total of £180 at Marylebone after pleading guilty to driving with excess alcohol in his blood, careless driving and failing to stop after an accident.

Briefly . . .

Former Prime Minister Edward Heath will captain Britain's Admirals Cup challenge for a second time when the series begins on July 30.

String of earthquakes caused severe damage to the Panamanian Pacific coast town of Puerto Armuelles.

Irsael plans to extract uranium from under the Red Sea as fuel for nuclear power plants.

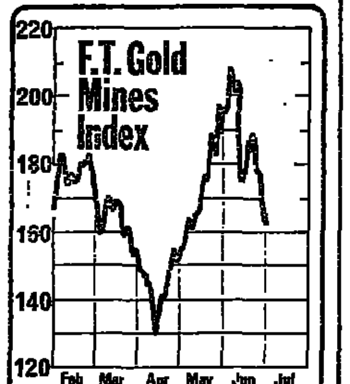
At least 23 people died and 28,000 made homeless in five days of torrential downpours in southern Japan.

BUSINESS

Equities gain 1.7; Golds off 5.9

● GILTS continued to advance as the rising sterling attracted widespread investments. The long-dated tap soon ran out and gains in longs stretched to nearly three points. Shorts also moved up. The Government Securities index rose 1.19 to 73.28.

● EQUITIES gained despite initial uncertainty and the FT 30-share index closed 1.7 up at 473.1. However, the gold mines index fell by 5.9 to 161.9.



● STERLING rose by 85 points to $2.1885, a four-year high, and its trade-weighted index was sharply higher at 70.1 (69.5). The dollar's trade-weighted index eased slightly to 85 (85.1).

● GOLD rose by $2¼ in London to $282¼.

● WALL STREET was 8.96 lower at 832.02 near the close.

● MIDLAND BANK is to end its reliance on consortium banking for international expansion in view of its planned £250m takeover of the Chicago-based Walter E. Heller fiancial group. Back Page

● PETER PAN Bakeries, the Belfast bread company which closed with a loss of 390 jobs, is complaining to the Ombudsman over the Government's handling of financial aid for the shut-down. Back Page

● TURKEY has sent a letter of intent to the International Monetary Fund regarding a $300m (£138m) stand-by deal which could lead to further $1.7bn ($783m) loans from Western countries. Page 3

● CHINA became the largest borrower on the world credit market in the second quarter, raising about $18bn (£8.3bn) on an annual rate, says the OECD. Page 26

● MINERS' leader Joe Gormley warned Left-wingers not to rock the boat by militancy on wages. Tory policies or pit closures when the industry's position was strengthened by the energy crisis. Back Page

● INDUSTRIAL workers in State industries are likely to need wage increases of about 20 per cent this year, says an independent pay comparability unit. Page 9

● HIRE PURCHASE sales rose by 9.1 per cent in May as consumer spending was spurred by fears of a Budget rise in VAT. Page 6

● INSIDER DEALING will be covered in the next Companies Bill, although the precise definition of "inside information" still remained to be resolved, the Commons was told. Page 9

COMPANIES

● MERCURY SECURITIES, the merchant banking and metal trading group, saw attributable profits rise from £10.32m to £14.86m for the year to March 31. Page 20 and Lex

● SUTCLIFFE SPEAKMAN and Co., the engineering concern, reports a pre-tax loss of £407,000 for the year to March 31, against a £566,000 profit previously. Page 21

Postal monopoly 'at risk' unless efficiency improves

BY NICK GARNETT AND JOHN LLOYD

The Government will review the Post Office's monopoly over letters—unless postmen agree to increase efficiency, Sir Keith Joseph, the Industry Secretary, told the Commons yesterday.

But Sir William Barlow, the Post Office chairman, admitted yesterday that the Union of Post Office Workers had "effectively stymied" any moves to increase productivity.

He said: "I have been unable to convince the union membership to accept change in return for opportunities for more pay."

In his statement, Sir Keith acknowledged that the recent backlog of mail was now being cleared, and that many of the problems which had contributed to postal delays were beyond the corporation's control.

He added: "These problems have only confirmed that much needs to be done to improve the efficiency and productivity of the postal service. I have made this clear to the chairman of whom I have great respect."

Sir Keith drew attention to the offer of higher wages for increased efficiency which had been turned down by the UPW at its annual conference in May, after being agreed earlier in the year by the UPW executive.

The Post Office is continuing to negotiate with the UPW. The crucial elements which the Corporation wants agreement on are:

● Acceptance of temporary labour during the summer months.

● Acceptance of mail traffic measurement.

● Co-operation on mail diversions from one office to another.

● Abolition of excessive overtime working in certain offices, and proper levels of manning.

The Corporation rejects the claims made by the UPW that it is short of 10,000 postmen, and believes that it could solve many of its problems, especially in London, with an extra 2,000 workers in sorting offices.

Postal productivity has been declining for at least a decade. In 1971, for example, 175,000 postmen handled 11.9bn pieces of mail. Now, the same number of workers handle 9.9bn pieces of mail.

Mr. Norman Stagg, the UPW's acting general secretary, said last night that the union would resist any attempt to break the Post Office monopoly.

He said: "We know that the consequence will be that the most profitable areas will be hived off by cowboy operators with the Post Office left with the uneconomic parts."

The union's view is that the Post Office's biggest labour problem is its inability to recruit staff because pay and conditions are uncompetitive.

Mr. Stagg, who had further negotiations with the Post Office yesterday over improving the use of manpower, said Sir William did not help by attacking the only union which was not in dispute with the Post Office.

"*He's provoking a situation* he would be the first to wish to avoid. I'm sick and tired of the Post Office blaming the UPW for its difficulties."

Parliament, Page 9
Editorial comment, Page 18

Pound closes at three-year high

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STERLING rose sharply yesterday against both the dollar and the main Continental currencies.

The trade-weighted index, measuring the value of sterling against a basket of other currencies, jumped by 0.6 points to 70.1, the highest closing level since March, 1976. This is an increase of 4 per cent in less than three weeks since the Budget.

The recent appreciation has been much more than reflection of the dollar's weakness. In the past week, the pound has risen by nearly 1½ per cent against the Deutsche Mark, for example, to DM 4.03¼.

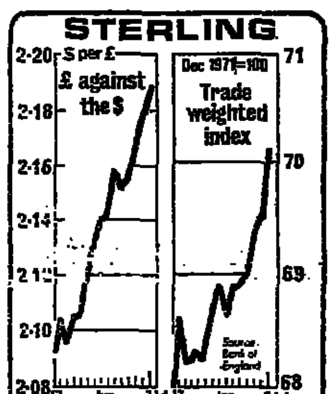
Sterling touched a peak of $2.1935 at one stage yesterday, *before slipping slightly to close* 85 points up at $2.1885, its best closing level for nearly four years. The dollar was generally firmer than last week, though dealers suspect continued central bank intervention, including the U.S. Federal Reserve.

The Bank of England again appeared to have remained on the sidelines and allowed *demand to be reflected in the* exchange rate. An indication of the scale of intervention may be provided by the official reserve figures for June due this afternoon.

The steady rise in the pound during the last fortnight has exacerbated the Government's policy dilemma. There is a general commitment to a strong exchange rate for counter-inflationary reasons. But there is also growing concern in industry about the further erosion of an already poor competitive position.

Sir Geoffrey Howe, Chancellor of the Exchequer, is likely to consider further relaxtion of exchange controls. These would be in addition to the changes announced in the Budget and would remove artificial props *to the rate. The move could* involve an easing of controls on portfolio investment.

The authorities seem reluctant to consider an early cut in the Minimum Lending Rate from 14 per cent. They believe this is the right level to control domestic monetary pressures, notably the buoyancy of bank lending. The official view is *that a cut in MLR might have* little effect on inflows from abroad.



The gilt-edged market seems to be slightly more optimistic about a cut in MLR in the next month to six weeks.

The long-dated 1999 tap stock was quickly exhausted yesterday morning after the sell-out of the 1984 tap on Friday. The 1999 stock rose by more than 2¾ points yesterday. There were gains of over 2¼ points in some other long-dated stocks and rises of a point at the short end.

The exhaustion of the two taps means that the Government has tied up nearly £1.2bn gross of gilts sales in the current banking month to July 18. This is because there are further calls on the two partly paid stocks in the next ten days. These sales should help to hold down the rate of growth of the money supply.

Editorial comment, Page 18
Money markets, Page 25
Lex Back Page

Ladbroke accused of corruption

BY JAMES BARTHOLOMEW

LADBROKE GROUP, with interests in casino gaming, credit betting, hotels and holidays, was accused yesterday of habitual breaches of the Gaming Act 1968 and of corrupting a member or members of the police.

The allegation was made by Mr. Michael Kempster, QC, on behalf of the police at South Westminster licensing magistrates court. The police and the Playboy Club of London, a subsidiary of the U.S. public company, are objecting to the renewal of three of Ladbroke's London casino licences.

Mr. Kempster warned the magistrates that "it may be suggested that the Augean stable has been cleansed." But *one of the directors of the* casino subsidiaries had resigned only in April. The resignation of another had not yet been officially notified to the police.

He added: "Mr. Stein (the chairman of the Ladbroke Group) remains at the centre of the web."

Mr. Kempstar said Ladbroke set up an unsual marketing exercise called "Operation Six" in 1977. The name referred to six rival casinos in London, the Playboy Club, the Knightsbridge Sporting Club, the Clermont, Crockford's, the Curzon House Club and the Casanova Club.

Mr. Ian Withers, a private investigator, was hired by Ladbroke to obtain the registration numbers of cars parked near these rival casinos, said Mr. Kempster.

Lists of *these numbers were* then sent to Leicester where Mr. Rodney Widowson, Ladbroke's security officer for the provincial casinos, procured and paid for the names and addresses of the car owners from the Nottingham terminal of the police computer. He paid 50p per name.

The names were then sent back to London where two women "marketing assistants" would approach the people concerned with gifts of fruit, flowers or chocolates and invitations to dine at one of the clubs. Once there, the guests would become members and gamble.

Last summer the police visited various offices of Ladbroke. Although the group's paper shredders "enjoyed their busiest if not their finest hour," said *Mr. Kempster, the police found*

Continued on Back Page

Shell petrol up 7-8p at pumps

BY SUE CAMERON

SHELL OIL UK put up the wholesale price of its four star petrol by 6.2p a gallon last night, partly reflecting the disarray over the Organisation of Petroleum Exporting Countries' two-tier price structure for crude oil.

Shell's petrol price rises are higher than those announced by Esso at the weekend. Unlike the Esso increases, they take no account of the higher crude prices announced by OPEC last week. They are merely a response to the increased cost of North Sea and Kuwaiti oil.

North Sea oil is among the most expensive crudes and the price of Kuwaiti oil has gone from $16.40 to $19.30 since June. Both Esso and Shell buy North Sea oil but Esso also has access to the comparatively cheap Saudi crude.

Shell UK said yesterday that this gave Esso an advantage when it came to putting up the prices of such oil products as petrol.

The 6.2p a gallon increase in the wholesale price of Shell's *four star petrol is expected to* put up pump prices by between 7p and 8p. Esso has increased its wholesale price for four star by only 5p, adding 6p to its pump prices.

Shell yesterday gave a warning that it would almost certainly be putting up the wholesale prices of its petrol again this year, probably in August, "when the recent OPEC announcements are fully understood."

The OPEC price rises are expected to add a further 1p to 2p to the price of Shell petrol.

Shell obtains 55 per cent of its oil from the North Sea, 35 per cent from Kuwait and 10 per cent from various other sources. Increases in the prices of Kuwaiti and North Sea crude last month added an extra £200m to Shell's annual costs.

Esso is believed to take about half of its crude from the North Sea, about 40 per cent from Saudi Arabia and about 10 per cent from other sources.

But the new OPEC price for Saudi marker crude is still only $18 a barrel; less than Kuwaiti oil before the OPEC meeting in Geneva last week. And Esso's petrol price rises take into account the latest OPEC oil price increases.

Shell is hoping that Kuwaiti oil prices will not rise much during the next few months. But it expects North Sea oil to increase in price to $23.50—the ceiling under the new OPEC two-tier price system.

Continued on Back Page
Parliament, Page 9

Saudi oil output to be increased

BY JAMES BUCHAN IN JEDDAH AND RICHARD JOHNS IN LONDON

SAUDI ARABIA is to increase its oil production on a temporary basis, it announced yesterday. But it did not specify by how much and for what period.

The news was broken by the state radio, which quoted an official at the royal court. However, neither the Arabian American Oil Company nor, it seems, even the Saudi state oil corporation Petromin was informed of the decision in advance.

Sheikh Ahmed Zaki Yamani, Saudi Oil Minister who was at his country retreat near Sunningdale, Berkshire, having discussions with a Mexican oil delegation, was not available for comment as the oil industry urgently sought clarification.

The Saudi move would have been taken to help to stabilise oil prices at the levels set by *last week's ministerial conference* of the Organisation of Petroleum Exporting Countries which set an upper limit of $23.50 for member states' premium crudes. It could be also seen as a response to the agreement reached at the Western economic summit in Tokyo on limiting oil imports.

Significantly, though, the announcement from the royal court said that an increase was necessary to provide more money for the kingdom's development programme.

Last summer and again at the beginning of this year the Saudi Government experienced something of a financial squeeze as expenditure caught up with development. Now, however, revenues should be well in excess of requirements.

The explanation given is more likely to be intended to placate other members of OPEC. Two at least—Iraq and Libya—are known to have made their assent to the compromise on prices conditional on fellow producers not raising their output.

How far Saudi Arabia is prepared to go in raising production from its main fields above the present official ceiling of 8.5m barrels a day remains to be seen. It is not merely a question of what the kingdom is politically willing to contemplate but what rate is technically possible.

Before the OPEC conference Dr. Abdul Hadi Tahir, the Governor of Petromin, said that there would probably be an increase "perhaps, but probably not, as high as 9.5m barrels a day."

Sheikh Yamani last week calculated the current short-fall in supplies at 800,000 barrels a day, and that may be the level of increase the Saudi Government has in mind.

If Saudi Arabia does increase output, there may be some danger of other producers, with their earnings a barrel consolidated at up to 70 per cent more than last year, retaliating by cutting output.

The main threat would probably be from Libya, whose leader, Colonel Mu'ammer Gaddafy, last week suggested that his country might halt output for a year or two. Yesterday he slightly clarified his remarks, saying that any such plan would have to be thoroughly studied and referred *to conferences of the people for* debate.

The Soviet factor in world oil supplies, Page 18

Yamani warning

In the meantime Sheikh Yamani, in an interview with Newsweek magazine, has delivered the most stern and explicit Saudi warning yet about the possible consequences of a failure to solve the Palestinian problem.

Asked to what degree he felt that the failure to achieve a comprehensive Middle East settlement was contributing to the oil crisis, he replied: "For the time being, no immediate impact; but there is a very real and very serious threat."

Sheikh Yamani did not speak of the "oil weapon," but asserted: "We know from the Iranian crisis that the sudden absence of 3m barrels a day from world markets, even at a *time of surplus and extra* capacity from Saudi Arabia, created panic.

"You can safely assume that now that we've lost that extra cushion and if something happens in the area that causes a further drop of 3m barrels a day, as it well may, the price will quickly shoot up to $50 a barrel."

£ in New York

	June 29	Previous
Spot	$2.1785-1770	$2.1730-1740
1 month	0.73-0.68 dis	0.78-0.67 dis
3 months	1.88-1.83 dis	1.92-1.87 dis
12 months	5.40-5.30 dis	5.60-5.40 dis

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas. 12pc 83 A ...£99¾		+ 1
Treas. 15¼pc 1998 ..£122¼		+ 2¼
Excheq. 12¼pc 1999		
A (£15 pd.) £17¼		+ 1¾
Barclays Bank	450	+ 14
Brown (J.)	513xd	+ 8
Cape Inds.	206	+ 6
Clive Discount	108	+ 5
Courts (Frnshrs.) A	142	— 4
Evode	51†	+ 10
Heywood Williams	88	+ 4
Lloyds Bank	328	+ 12
Lodn. Midland Inds.	117	+ 7
MDW	50	+ 6
MEPC	176	+ 5
MFI Furniture	176	+ 14
NatWest	350	+ 12
Rush and Tompkins	145	+ 13
Tex Abrasives	56	+ 9
Union Discount ...	390	+ 25
Utd. Scientific	333	+ 9
Oil Exploration	300	+ 12
Buffels	723	+ 11
Central Pacific	860	+ 50
Sthn. Pacific	340	+ 17

FALLS

Barlow Rand	243	— 7
Duwly	314	— 6
Electrocomponents .	415	— 8
Hanger Invs.	73	— 5
Ladbroke	195	— 15
Waddington (J.) ...	162	— 6
K. Lumpur Kepong	68	— 3
Ayer Hitam	285	— 15
Geevor	125	— 10

† At suspension

CONTENTS

For latest Share Index phone 01-246 8026

Mr. Michael O'Kennedy, Ireland's Foreign Minister

Irish take over European stewardship

By Stewart Dalby in Dublin

IN THE now-established tradition that small countries probably produce better presidents for the EEC Council of Ministers than the big ones, Ireland, which assumed the presidency for six months last weekend, will be working hard as the EEC's de facto foreman until the end of December.

Unlike the hesitant French presidency which preceded it, Ireland's stewardship will be characterised, one is constantly assured in Dublin, by well-thought-out agendas, meetings which start on time, and more important meetings actually take place. Ireland's Foreign Ministry has a full staff of competent, mainly young people, well versed in Europe, whose job it will be to make sure things run smoothly.

The French presidency, as some Irish officials see it, was marked by more than a few meetings which never took place, or by gatherings which were badly organised. What the French did not want to be discussed was not discussed.

Mr. Jack Lynch, the Prime Minister, is the leader of a country of just 3m people. When he addresses the opening of the European Parliament in two weeks, however, he will effectively be speaking as the nominal leader of nearly 300m people.

Symbolically, this leadership will be even more important when Mr. Lynch visits President Carter in the autumn. It will be very useful for Mr. Lynch to have, nationally at least, the weight of the EEC behind him.

For Mr. Michael O'Kennedy, the Foreign Minister, the presidency could be crucial.

Mr. O'Kennedy undoubtedly has the example of the only other time Ireland held the presidency (in 1975) in mind. Then, Mr. Garret Fitzgerald, who now leads the main opposition party, Fine Gael, really made his name. By pushing out the contours of EEC policy, Mr. Fitzgerald became something of an international diplomatic star.

Mr. O'Kennedy's stewardship should see the signing of the second Lomé convention, and will include the delicate matter of dealing with the first directly elected European Parliament.

Mr. O'Kennedy, in short, has the rare chance of establishing a reputation abroad. If he does, it would do him no harm domestically, since he has long been tipped as a possible successor to Mr. Lynch.

The Prime Minister has now been his country's leader for over 10 years. The next election must be called by 1982, when he will be 62. He could well decide to step down.

There will be no shortage of contenders to take his place, including Mr. George Colley, the Finance Minister, Mr. Charles Haughey, the Health Minister, and Mr. Desmond O'Malley, the Minister for Industry, Commerce and Energy. Ireland's presidency, it is now clear, will be dominated by energy problems, and Mr. O'Malley, as head of the Council of Energy Ministers, should be in the thick of things.

Relations with the directly elected Parliament will also dominate Ireland's presidency. Mr. Lynch has already spelled out his Government's policy on the Assembly. He does not believe it should be given more powers, and feels that Ireland's interests are best represented in the Council of Ministers.

The third area where Ireland will be active is in trying to increase the size of the Regional Fund, before the accession of Greece, Spain and Portugal.

Conversely, Irish Ministers will not be so keen to discuss a reform of the Common Agricultural Policy and the freezing of agricultural prices. Since it has been a member of the Common Market, it has received something like £1bn from the CAP, whereas its contribution to the Community budget has been only one-tenth of this.

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Turkey sends IMF letter of intent for $300m loan

BY OUR FOREIGN STAFF

TURKEY YESTERDAY moved a few steps further down the tortuous road towards tidying up its financial relations with the West. A special courier of the Turkish Finance Ministry left for Washington with the country's letter of intent to the International Monetary Fund.

In Ankara the government reached a $160m credit agreement with the World Bank while in London bankers were forecasting that a new $400m loan could be signed "in the next three weeks."

The letter refers to a $300m one-year agreement to replace the two-year $450m stand-by agreement which Turkey reached with the IMF in April 1978. The letter had been initialled during talks held in Paris last month.

Since then a series of defections from the Government had raised the spectre of a political crisis but now Parliament recessed until November. The series of boycotts of parliament by the ruling Republican People's Party has done little for its prestige—though the counterbalancing reports of deputies being offered their "weight in gold" to join the opposition.

The board of directors of the IMF is expected to vote on the new agreement with Turkey at a meeting scheduled for July 19. Finalisation of this agreement will open the way for Turkey to receive $906m of "emergency aid" from members of the Organisation for Economic Co-operation and Development.

This aid is crucial for Turkey to be able to import the raw materials and semi-manufactures needed for factories to work closer to normal capacity. It is also essential if Turkey is to overcome its crippling shortages of petrol, pharmaceuticals and cooking fuels. Drivers have been issued with ration books but still face massive queues at the pumps which have petrol.

The banks which are arranging a $400m loan for Turkey are also making its availability dependent on the country mending its bridges with the IMF. Turkey has failed to meet the targets set out in the letter of intent agreed in April 1978.

However, the banks insist an ably the best qualified candidate well that before their new loan becomes available Turkey should have completed arrangements for tidying up its overdue debt. Here there is less emphasis on the arrears totalling up to $1.7bn on unguaranteed suppliers' credits than on the convertible Turkish Lira deposits—short-term bank-to-bank deposits whose foreign exchange risk was assumed by the Turkish central bank.

The convertible deposits being rescheduled total $2.4bn. The group of seven large banks which have been co-ordinating the rescheduling is now hopeful that it may be possible to despatch drafts of a final agreement "by the end of this week." The group does not expect a final signing this month.

Andreotti tries again

BY PAUL BETTS IN ROME

PRESIDENT SANDRO Pertini yesterday gave Sig. Giulio Andreotti, the outgoing Prime Minister, the mandate to try to form a new Italian government. But the Christian Democrat leader's chances of succeeding himself for the third consecutive time in exactly three years appear very slim at this stage.

Sig. Andreotti is unquestionably the best qualified candidate to lead a new government. But last month's inconclusive general elections, combined with the decision of the Communist party to return into opposition unless given Cabinet seats and demands by the Socialists and the other smaller parties for a non-Christian Democrat Premier, will inevitably make Sig. Andreotti's task more difficult than usual.

Indeed, he is now already under pressure from a motley of political forces, not least his own Christian Democrat party. The failure of the Christian Democrats to make the expected significant advance in the June 4 polls has undermined the party's current top leadership, broadly composed of Sig. Benigno Zaccagnini, the secretary-general, Sig Andreotti and Sig. Giovanni Galloni, the former Christian Democrat chief whip.

The Zaccagnini-Andreotti-Galloni team has been the main sponsor of the policy of so-called national unity of the last three years, which brought the Communists into the Parliamentary majority and which has now been rejected by the electorate.

This policy appears to have brought disunity and discontent within the country's two main political parties, the Christian Democrats and the Communists.

At the weekend, Christian Democrat deputies elected as chief whip Sig. Gerardo Bianco, a little known political figure representing the "Right of centre of the party. Sig. Bianco defeated in a second ballot Sig. Galloni, the candidate of the party's leadership, eloquently reflecting the split within the party itself.

The election of Sig. Bianco is all the more significant coming only a few months before the Christian Democrat congress in the autumn, when the current party leadership is likely to be challenged again.

Hugh Routledge

Sig. Giulio Andreotti: forcibly revising their entire policy of the Compromesso Storico, or a grand alliance of the country's democratic forces, which would have brought them directly into government.

The so-called "rebels," who have vociferously advocated that the party take a firmer anti-Communist stand, have clearly been strengthened by the disappointing election results.

But although Sig. Andreotti may be banking on a general closing in of ranks by his party to avert the appointment of a non-Christian Democrat Prime Minister, he is expected to be flatly opposed by the Communists.

After suffering their first electoral setback in some 30 years, losing as many as 2m votes, the Communists are now

As a result, confidence in the present leadership is dwindling. There are likely to be significant changes inside the party's new directorate which will be chosen next week after a meeting of the Communist central committee which started last night.

Already, the Communist electoral setback and the party's imminent passage into opposition is having repercussions within the trade unions, now negotiating a series of major national labour contracts.

During the past few days there has been a sharpening of labour unrest throughout the country with production at a number of large factories blocked. In the case of the Fiat car conglomerate, the unions have also announced a boycott of all Fiat cars produced abroad and shipped to Italy. In certain instances, strikes have degenerated into violence.

But Sig. Andreotti's biggest problems will come from the Socialists, without whose support he cannot form a working Parliamentary majority.

The Socialists, whose gains in the election fell significantly short of the party's expectations, are themselves split. But Sig. Bettino Craxi, the Socialist secretary general, has repeatedly stated he would not back Sig. Andreotti again.

Sig. Craxi, like the leaders of several other smaller parties, is now calling for the appointment of a non-Christian Democrat as Prime Minister to give a sense of political renewal and change to the country.

A number of non-Christian Democrat candidates are already being flaunted, including the Social Democrat Sig. Giuseppe Saragat, a former President of the Republic, and Sig. Bruno Visentini, the Republican outgoing Budget Minister.

Lisbon bid to form Government

BY JIMMY BURNS IN LISBON

PRESIDENT Antonio Ramalho Eanes yesterday met union leaders and representatives of the main employers' federations in the latest round of talks aimed at finding a solution to the three-week-old government crisis.

Since the resignation last month of the non-party Government led by Dr. Carlos Mota Pinto, the President has met the country's politicians, generals, and leading independent figures in an attempt to find the necessary consensus. Dr. Mota Pinto's administration has remained in a caretaker capacity.

The consultations are now believed to have entered their final stage, after a short interlude last week while the President visited Yugoslavia. Gen. Eanes is expected to address the nation later this week.

The political parties have already declared what they believe to be the best alternative to the outgoing Government.

A party-based Government capable of running the country until the next elections in 1980 has the support of the Socialist Party, the country's main political grouping.

This has been opposed by both the Social Democrats and Christian Democrats. Both parties want an election in October. They are also behind a proposal to hold a nationwide referendum to secure important changes to the constitution.

These would include the constitution's ruling that full elections have to be held next year even if there is an early poll this summer. The Social Democrats and Christian Democrats, convinced that Portugal has moved firmly to the right, think an early election would be decisive and ensure a stable Government for at least the next five years.

Meanwhile, banking officials have confirmed that there have been continuing temporary interruptions in Portugal's negotiations with the IMF on a new standby agreement. Although both sides are believed to have reached broad agreement on credit and exchange rate policies, and the target for this year's balance-of-payments deficit, the talks have been complicated by the budget amendments and by the resignation of Dr. Jacinto Nunes, the Finance Minister. Although Dr. Nunes continues in a caretaker capacity, he is thought to be reluctant to sign an agreement of such importance.

Dispute over Greek EEC envoy

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT IN BRUSSELS

A DELICATE controversy has arisen over the Greek Government's decision to nominate as its next ambassador to the EEC a career diplomat who previously served in the same capacity while his country was under the dictatorial rule of the Colonels.

Several senior members of the Commission are understood to have expressed private reservations about the choice, which they consider surprising in view of the Greek Government's repeated assertions that EEC membership should provide a solid guarantee that their country will remain democratic in the future.

The diplomat is Mr. Stavros Roussos, who is now Greek ambassador to Britain. He served in Brussels from 1968 to 1973, during which time the EEC officially "froze" its association agreement with Greece, in protest against the Colonels' coup.

While Mr. Roussos apparently represented the Colonels' regime loyally, his defenders point out that several other Greek career diplomats still serving in the Foreign Ministry did likewise. When the junta fell, there was no major purge of the Foreign Ministry. Indeed, Mr. Dimitrios Bitsios, who was Foreign Minister for three years under the second post-junta Government of Mr. Constantine Karamanlis, was well known during the junta period for insisting as the Colonels' Ambassador to the United Nations, that there were no political prisoners, and for rebutting claims of torture.

Mr. Roussos's defenders argue that he was considered an acceptable envoy by Britain, and this should be ample proof that he is a suitable candidate for the Brussels posting. He has, indeed, won praise in Britain for the quiet, serious way he has carried out his job.

Swiss foreign work force on the increase

By John Wicks in Zurich

THE NUMBER of foreigners employed in Switzerland rose by 1.5 per cent to 628,616 in the 12 months up to April 30. This further slight increase, after the small rise in the previous 12 months, was due largely to the growth in the number of resident foreigners no longer subject to labour-market controls.

The number of non-resident foreign workers—both seasonal and border-crossing employees—also rose, while the figure for resident foreign employees subject to labour-market controls (so-called year-round residents) dropped further, to only 138,593, compared with over 250,000 in 1975.

French Socialists protest at 'pirate broadcast' raid

BY ROBERT MAUTHNER IN PARIS

THE FRENCH Socialist Party is organising a demonstration today to protest at last week's police raid on its offices after a pirate radio broadcast which was to include a recording by M. François Mitterrand, the Socialist leader.

The police used tear gas and broke down the doors of the offices, but failed to find the illegal transmitter. Several Socialist MPs were manhandled, and a television reporter was slightly injured.

The authorities have justified the police action by pointing out that the broadcasts broke the law giving the state-controlled radio and television organisations a monopoly of broadcasting in France. But the Socialist Party and left-wing unions have sharply criticised the police for overstepping their powers.

M. Mitterrand has made it clear that the pirate broadcast was a protest at the refusal by the official radio and television channels to give the opposition parties a fair share of broadcasting time. In reply, M. Raymond Barre, the Prime Minister, has emphasised that, on the day of the incident, the second French television channel gave M. Mitterrand a full hour to express his views.

Swedish work hours cut 'would hit growth'

By William Dullforce in Stockholm

SWEDES WILL have to wait a long time for the 30-hour working week which is the official goal of their trade unions. Shortening the present 40-hour week by only 2½ hours would boost productivity but would still call for an increase of between 173,000 and 235,000 in the number employed, according to the working hours advisory committee set up by the Government.

It would also create financial problems in the public sector and increase regional tensions because of the boost it would give to immigration from the provinces to the Greater Stockholm area.

A Parliamentary employment commission underlined earlier this year the difficulties involved in creating more jobs. The advisory committee now points out that a reduction in working hours would mean a substantially lower GNP growth rate for Sweden, if total employment did not rise faster than anticipated.

Denmark drops plan for car restrictions

By Hilary Barnes in Copenhagen

THE Danish government has decided to drop its proposal for a car-free day a week. Its other energy saving measures, including tax increases which put up the price of oil, petrol gas and electricity by over 20 per cent, were approved by the Folketing (Parliament) at the weekend.

The government said it may come back to the car-free day idea if the tax increases do not cause a reduction in energy consumption. The idea was that car owners would decide which day to leave the car at home. A system of window stickers would let the police know on which day the cars were allowed on the road.

Protest over Soviet censorship

BY DAVID SATTER IN MOSCOW

THE CONTROVERSY over Soviet censorship touched off by the production of the "Metropol" almanac — a collection of stories and poems that was condemned by the Soviet authorities — is now coming to a head.

Four of the Soviet Union's best known writers have threatened to resign from the official writers' union unless two young colleagues who collaborated with them in the production of Metropol are reinstated in the writers' organisation.

Mr. Vassily Aksyonov, the novelist and screenplay writer Bella Akhmadullina, a poetess, Fazil Iskander, a novelist, and Andrei Bitov, a novelist, are the four writers who have threatened to resign. They are among the Soviet Union's best known and most widely-read literary figures.

Two other Metropol collaborators, Semyon Lipkin and Ina Lisnyanskaya, have said they will also resign from the union unless steps are taken to reinstate the two youngest and least known contributors to Metropol, Viktor Yerefeyev, a critic, and Yevgeny Popov, a Siberian writer.

The Metropol almanac is an anthology of original prose and poetry by 23 Soviet authors, half of them writers' union members. It was given to the union on January 18, with the unprecedented collective demand that it be published exactly as written.

The writers' union angrily rejected Metropol but there are plans to publish the 700-page typewritten manuscript in the U.S.

E. Berlin move splits coalition

BY ROGER BOYES IN BONN

LEADING FIGURES in the Free Democrats (FDP) and Social Democrats (SPD), partners in the ruling West German coalition, appear to be at odds again over their joint policy towards Eastern Europe, following East Germany's latest move to draw Berlin closer into its political orbit.

Herr Hans-Dietrich Genscher, the Foreign Minister and FDP chairman, strongly protested at the weekend against the East German parliament's decision directly to elect East Berlin city deputies to its ranks. Britain, France and the U.S. have also condemned the East German decision as a violation of the 1971 Four Power Agreement.

But at the same time, Herr Genscher has made clear that he is unhappy with the views of Herr Egon Bahr, the SPD party manager and formerly a key negotiator in some of the "Ostpolitik" treaties with Eastern Europe. Herr Bahr has urged the Government to consider a retaliatory measure against East Germany: the direct election of West Berlin deputies to the West German Bundestag (the lower house).

Without singling out Herr Bahr by name—evidently for the sake of preserving at least the semblance of a unified front within the coalition—Herr Genscher stressed that there should be no tinkering with the Four Power treaty. "Experiments" with the treaty would only obscure the German position, he said.

Leslie Colitt adds from Berlin: The Soviet Union has rejected Western protests over the East German decision to end the special status of the city's deputies.

Oil worries W. German industry

BY ROGER BOYES IN BONN

WEST GERMAN manufacturers expect the business climate to deteriorate over the next six months, principally because of the recent round of oil price prises and overall energy problems. Nevertheless they are generally sticking to their plans to step up production and order levels are high in all sectors.

These conclusions emerge from the monthly survey of business opinion carried out by the Munich-based IFO economic institute. According to the survey, many more manufacturing companies are now reckoning with rises in raw material prices and higher production costs.

The IFO survey shows that each sector has drawn predictably different conclusions from the energy crisis but the general sentiment is that of heavily qualified optimism. The chemical industry is expecting a drop in demand from basic and producer goods sectors while the steel industry, by contrast, is reckoning with a continuation of the slight market upswing it has been experiencing all year. The paper industry expects to suffer from serious supply problems in the next six months.

The capital goods sector is maintaining the good health it has shown over the past three months. Order levels were high in the electrical engineering and machine construction industries. But here too industrialists recorded uncertainties about the possible consequences of the energy crisis. Quite apart from higher fuel costs, compulsory energy saving measures could bite into production and reduce margins.

A similar sense of restrained optimism came from wholesale traders in raw materials and semi-finished goods, who are reporting good business. Real turnover was up in May especially for construction relate goods, which are riding the crest of the building boom.

Orders in hand in the construction industry stood at a seasonally adjusted 3.4 months at the end of May and companies reported that production would be increased over the next two months.

The industry's problem continues to be a lack of skilled workers.

Bundestag faces its crisis of conscience over war crimes

THE WEST GERMAN Bundestag (the lower house) will today decide the fate of the so-called "statute of limitations on murder," which is proving to be one of the most delicate issues in the political life of post-war Germany.

Under the statute—due to take effect at the end of this year—people suspected of committing murder (including wartime genocide) 30 or more years ago may no longer be brought to trial.

The main legal justification for the statute, which has been extended twice now, is that it is extremely difficult to guarantee a fair trial after such a long time—witnesses have often forgotten the main details of the case and, especially in the case of war-time killings, witnesses are difficult to trace, having dispersed throughout the world.

The recent trial of 14 Majdanek concentration camp guards demonstrates the difficulties. Most of the witnesses were living in Eastern Europe, and many were ill and unable to testify in persons. As a result, investigations lasted 16 years, and there was not enough evidence to convict some of the defendants. Between 1945 and 1978, over 84,000 cases were opened against suspected war criminals, but only 6,500 were convicted.

The issue, however, goes beyond the question of legal expediency, although this is the argument most frequently used by Christian Democrat politicians who support the statute. The underlying problem is whether some kind of accommodation should be reached with the past.

Was there any point, Herr Benno Erhard of the Christian Democrats, asked recently, in continuing trials of wartime murderers when the almost inevitable acquittals did nothing but damage the reputation of the Federal Republic and tarnish its image abroad.

Herr Erhard, in a debate earlier this year, referred to the previously "deep uncertainty." The truth "is like an open book before us as far as the deeds are concerned—but is dark and confused when we examine the individual responsibility and personal guilt of the accused."

Many Social Democrats, and a few Christian Democrats, feel, however, that the statute should be extended or abolished altogether, if only out of respect for the relatives of Nazi victims. The thought of a murderer not being brought to trial simply because he had hidden up to now is, they say, intolerable. Chancellor Helmut Schmidt has also called on the Bundestag to provide for the continued prosecution of Nazi criminals. If the statute is enforced, he has argued, former Nazis would be able to boast of their crimes without running the risk of imprisonment.

Herr Schmidt is also aware of the considerable consequences for Germany's standing in the world if immunity were granted to war criminals. There would above all, be repercussions on Bonn's relations with Eastern Europe. Poland has been particularly assiduous in gathering evidence against German war criminals—218 of the 242 cases opened in 1977-78 were based on documents sent from Warsaw. Both the Soviet Union and Poland continue to try those of their citizens who were involved in genocide during the German occupation—and both countries have warned Bonn against enforcing the statute.

Israel and some West European countries have also expressed concern. Partly to meet this international criticism, Herr Werner Maihofer, a Free Democrat member of the Bundestag and a former Interior Minister, has suggested that a strict distinction be drawn between murder and genocide. The statute of limitations could then be applied to cases of ordinary murder while mass killings would still be liable to prosecution.

But this has raised some awkward legal questions. year time lag, and after the harrowing experience of concentration camp life, identification of the murderer would be extremely difficult. Most witnesses were also denied watches and calendars when the crimes took place, causing further complications.

The Maihofer proposal has so far attracted little support in the Bundestag.

Yet supporters of the statute claim that its enforcement need not signify complacency about

West Germany's "Statute of Limtations on Murder" is proving to be one of the most delicate issues in the Federal Republic's political life: ROGER BOYES reports from Bonn.

Statutes of limitations, for instance, have already come into effect for such related crimes as deportation, so that a court would have to prove that the suspected murderer had actually pulled the triger and was not just an "accomplice to murder." The prosecution case would then become almost impossible to prove: after a 35- the past. They point to repeated cases of local politicians being forced out of office because of the unearthing of anti-Semitic writings or even more unsavoury pasts. The former Prime Minister of Baden Wuerttemberg, the leading European election candidate of the Lower Saxony Christian Democrats, and a Socialist senator in Bremen, have all been forced to resign because of a recent revelation about their war records.

With this kind of vigilance, some supporters of the statute have been saying, there is no need for foreign countries to fear that West Germany is becoming tolerant of Nazi crime. But it is a "vigilance" which is not so much rooted in the quest for justice as in the search for party political advantage. The case against a suspect is usually leaked initially to journals which are politically opposed to the intended target, and the information is seized upon as legitimate ammunition by the local opposition parties.

To make the criticism stick, there has to be evidence that the politicians in question were more than just members of the Nazi party. Both the former Chancellor, Herr Kurt-Georg Kiesinger and the present President, Dr. Karl Carstens, were members, and Dr. Carstens was even a member of the SA brown shirts during the mid-1930s. There is no suggestion that either man was implicated in atrocities or political violence of any kind.

Their past, though, is often portrayed (usually by Left-wing critics) as a political issue. It is the same sense of party political jostling which pervades the present debate about the statute of limitations. The vote is to be treated as a matter of conscience, rather than a matter for party whips—but even this decision was arrived at after weeks of discussion between the parties.

Christian Democrats, in the midst of a struggle with the Bavarian-based Christian Social Union over who should become their candidate for Chancellor in the next Bundestag elections, have been anxious not to add to the list of their public squabbles. There is a youth vote to be won at the general elections next year, and the Christian Democrats do not want to be identified as the party which is "soft on war criminals." The Socialist-Free Democrat coalition is also divided. The "free vote" is seen as the best formula to encompass such views as those of Herr Herbert Wehner, the Socialists' parliamentary leader ("Murder is murder and should not go unpunished"), and those politicians who believe that some murders should go unpunished.

Iran Budget 17% down on Shah's

BY ANDREW WHITLEY IN TEHRAN

TEHRAN'S first post-revolution Budget since the revolution is to be a conservative one of R2,441bn rials (£18.9bn) or 17 per cent lower than the last Budget prepared by the Shah's Government.

Main areas of reduced spending are defence and development sectors. Excluding arms purchases, defence allocations have been reduced by more than half to 300bn rials (£1.88bn), and development by 37 per cent to 830bn rials (£5.34bn).

Announcing the Budget's authorised version, which will run to March 21, 1980, Mr. Ali Akbar Moinfar, Plan and Budget Minister, said the development allocation—of considerable concern to local and foreign contractors—should suffice.

In any case it was difficult to raise the figure since revenue savings could be made elsewhere, he added.

Despite considerable savings in administration costs, the Budget still envisages a deficit of R333bn (£2.1bn), but this is likely to prove hypothetical as oil revenues rise.

In the absence of a Parliament to approve the Budget, as in the past, Mr. Moinfar's outline, at a Press conference on Sunday, can be regarded as almost final.

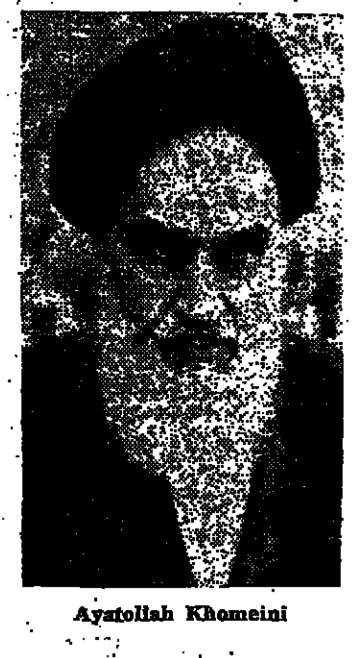
It is known that the Budget was sent to Ayatollah Khomeini's Revolutionary Council though Mr. Moinfar did not make clear if it had passed this hurdle.

One notable feature is the exceptionally low figure envisaged for oil income, taking into account the latest OPEC price rise.

Mr. Moinfar said oil receipts were estimated at R1,477bn (£9.3bn) — nearly R230bn less than calculations on a full year's income by independent experts.

One possible conclusion is that another reduction in export oil sales is in the offing.

Over the past few months, 45 development projects now considered unnecessary had been cancelled, Mr. Moinfar said. These included the two French nuclear power plants, the north-south trunkroad from Qom to Bandar Shahpour, and a number of military bases.



Ayatollah Khomeini

Breaking down the expenditure proposals, Mr. Moinfar said R80bn (£500m) was being allocated to the subsidy of essential consumer items. An identical additional sum will cover expected losses by state companies.

No provision has been made in the Budget calculations for revenue or expenditure concerning the recent nationalisation of the banking and insurance industries.

Nor have figures been put aside for compensation to shareholders in manufacturing industries due to be taken over soon.

For the first time in recent years, Iran's envisaged spending on arms purchases from abroad was disclosed. This was put at R70bn, less than £500m—about a third of what is believed to have been recent annual spending.

This still not inconsiderable figure is believed to be largely accounted for by the purchase of spare parts and ammunition and residual payments on weapons deliveries too far advanced to cancel.

Among other allocations in the Budget are R20bn (£131.5m) for the petrochemical industry, R20bn for gas transmission lines and R30bn for "expansion of industry."

Mulder summoned for contempt

By Quentin Peel in Johannesburg

DR. CONNIE MULDER, the former South African Minister of Information, is to be charged with contempt for refusing to give evidence to the Government inquiry into the secret operations of his former department.

His lawyers have been served with a summons for him to appear in court in Pretoria on August 1, making Dr. Mulder the first participant in the information scandal to face a charge.

The decision to prosecute comes a few days after Dr. Mulder, once their apparent to Mr. John Vorster as South Africa's Prime Minister, announced plans to form a new right-wing political party to challenge the ruling National Party, from which he was expelled in December. His Action Front for National Priorities, launched last week, seeks to unite ultra-conservative elements from the ruling party with disgruntled white workers, and Dr. Mulder's own personal following, to present a more successful alternative on the far Right than the Herstigte Nasionale Party, which broke away in 1969.

The authorities may be hoping that a conviction will set back Dr. Mulder's hopes for a political comeback, although the offence is a relatively minor one. If convicted, Dr. Mulder is liable to a fine of R100 (£55) or six months' imprisonment.

UAE completes Cabinet

BY OUR OWN CORRESPONDENT

A NEW Government for the United Arab Emirates was announced at the weekend nearly two months after Sheikh Rashid, the Ruler of Dubai and Vice-President of the UAE, undertook a mandate to form one.

After the long delay the announcement came as something of an anti-climax, with few changes of significance or any indication of the policies that Sheikh Rashid will pursue to break the deadlock that has paralysed the development of the federation for the past 18 months.

The Ruler of Dubai's son, Sheikh Mohammed bin Rashid, continues as Minister of Defence, Mr. Ahma al-Suwaidi as Minister of Foreign Affairs, and Dr. Mana al-Otaiba as Minister of Oil.

One surprise is that Mr. Said Gorbash is retained as Minister of Planning. It was generally believed that Sheikh Rashid wanted to dismiss him.

He has made only four changes. The most important involves the dropping of Mr. Abdullah Taryam, who was Minister of Education. He was regarded by the more conservatively minded rulers as having been behind demonstrations in the spring in favour of greater unity of the country. His brother, Mr. Omran Taryam, Speaker of the Federal National Council, was the principal instigator of a memorandum issued in the name of the assembly which triggered off a constitutional crisis over the form that closer links among the Emirates should take.

The distribution of portfolios among the seven emirates remains the same, with representatives from Sharjah and Ras al-Khaimah each holding two. This is seen as an indication that Sheikh Rashid will want to maintain a loose federal structure in opposition to those who want greater unification.

Differences between Sheikh Rashid and Sheikh Zayed about the nature of the federal government have ham-strung its workings. The Ruler of Dubai wants to cut down the size of the union bureaucracy, which currently employs no fewer than 32,000 civil servants, while decentralising its operations. In return, he has pledged to hand over half his petroleum revenues to it.

U.S. warning on 'boat people'

BY PHILIP BOWRING IN HONG KONG

THE U.S. has privately but firmly told the countries of South East Asia that they must provide a temporary home for the refugees from Vietnam if they wish to receive the full co-operation of America in resettling them.

The warning was made by Mr. Cyrus Vance, U.S. Secretary of State, to the Foreign Ministers of the Association of South East Asian Nations, which groups Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Only three days ago, the ASEAN Ministers issued a joint communiqué specifically rejecting the need to offer a first asylum for refugees.

This principle is an obligation on members of the UN, but the ASEAN countries not only said they would refuse to accept new arivals, but would forcibly return refugees already accepted by the UN High Commission for Refugees.

ASEAN Ministers are now clearly reconsidering their position after meeting Mr. Vance.

Lord Carrington, British Foreign Secretary, and M. Olivier Stirn, French Secretary of State for foreign affairs, have been making similar points in Kuala Lumpur, though so far there is no indication that Malaysia is prepared to soften its stand.

It has turned back or shipped out to sea more than 15,000 refugees since the Government announced it would accept no further "boat people."

Yesterday, a boat with 950 Vietnamese refugees, the second biggest boatload to reach Malaysia since 1975, was towed out to international waters.

Hong Kong, which at present houses more than 58,000 refugees, has suggested that unless Britain sets a lead in resettling refugees from the colony, little chance exists of persuading the rest of the world to help.

Japan's Kampuchea move

BY OUR OWN CORRESPONDENT

JAPAN has launched an initiative aimed at convening a conference to discuss a political solution to the turmoil in Kampuchea. In pursuit of this plan, emissaries were recently sent to both Peking and Hanoi.

Mr. Sunao Sonoda, Japan's Foreign Minister, said at the meeting of ASEAN Foreign Ministers here yesterday that he was exploring the idea of such a conference in discussions with his ASEAN counterparts.

Japanese delegates declined to give further details, while ASEAN officials emphasised that talks were still at an early stage.

The fact that Japan has, on its own account, launched an initiative on the critical Kampuchean issue is seen as an indication of Japan's new and more active role in regional political affairs. Whether or not the idea makes any headway, it may prove a watershed in Japanese post-war relations with South East Asia. Hitherto, Japan has preferred to follow events, and particularly to follow U.S. policy. The U.S. knew about the Japanese initiative, but is maintaining, in public, a position of interest without involvement.

'Delight' over Thatcher hint

By Tony Hawkins in Salisbury

OFFICIALS IN Salisbury expressed "delight" yesterday at Mrs. Margaret Thatcher's prediction that the British Parliament is unlikely to renew economic sanctions against Zimbabwe Rhodesia in November.

On the Zimbabwe Rhodesia stock exchange mining share prices moved better on London buying (via Johannesburg) with Wankie in some demand.

Businessmen here take the view that the lifting of sanctions will not transform the outlook. It is acknowledged that the main threat to the country comes from the military situation rather than from sanctions.

One informant estimated that the war is now costing about 40 per cent of the national budget.

Shaba peace-keeping force prepares to withdraw

BY MARTIN DICKSON

A PAN-AFRICAN peacekeeping force is about to start a phased withdrawal from Zaire's Shaba province, leaving a doubt about security in the vital copper mining area.

The 2,400-man inter-African force, comprising troops from Morocco, Togo, Gabon, Senegal and Ivory Coast, was sent to defend Shaba last year after French and Belgian forces had helped to repulse an invasion of the province by Angola-based rebels.

The peacekeeping force, about 1,500 members of which are Moroccan, is being withdrawn in stages over the next three months and replaced by the newly-formed 21st Zaire Light Infantry Brigade, comprising 2,500 men, trained by Belgium.

A rapprochement between Angola and Zaire has reduced fears of another rebel invasion, but there remain doubts whether the new brigade will be any more successful in maintaining law and order in Shaba than other elements of the poorly disciplined Zaire forces.

A stable atmosphere in Shaba will be essential if Zaire is to keep the European mining engineers whose expertise is necessary for the running of the copper mines. M. Henri Simonet, the Belgian Foreign Minister, visited Shaba last week and heard a long list of grieevances from Belgian expatriates about banditry and lack of security.

Hoss invited to form Cabinet

By Ihsan Hijazi in Beirut

PRESIDENT Elias Sarkis of Lebanon yesterday asked Dr. Selim al-Hoss to form a new Government.

Meanwhile, an IMF team has been visiting Kinshasa for more discussions on a $150m stand-by *loan which was to have been* approved several months ago.

Dr. Hoss, who has been in office in a caretaker capacity since he and his Cabinet resigned about eight weeks ago, said he will begin consultations today.

President Sarkis's decision to designate Dr. Hoss as head of a new Administration is seen here as an attempt to break the political deadlock.

There is no certainty that the Premier-designate will be able to announce a new Government soon, because of conflicts among politicians about the type of administration that should be set up.

Binaisa-Nyerere talks

DAR ES SALAAM — Presidents Julius Nyerere of Tanzania and Godfrey Binaisa of Uganda met in Tanzania yesterday to discuss the continuing Ugandan crisis caused by the removal of Mr. Yusufu Lule from the presidency.

The meeting at Mwanza was the first between Dr. Nyerere and Mr. Binaisa since the latter was sworn in two weeks ago.

AP

Ethiopians mobilise for new Eritrea offensive

BY OUR OWN CORRESPONDENT

ETHIOPIAN FORCES, stiffened by Russian "advisers," are mobilising for a renewal of their offensive against guerrilla forces in the Red Sea province of Eritrea. The Eritrean People's Liberation Front (EPLF) believes that an Ethiopian attack is imminent and that it may involve an incursion across the border into Sudan to cut the guerrilla's supply lines.

The aim of the Ethiopian offensive would be to crush the last resistance of the guerrillas, who have been fighting for the independence of Eritrea for nearly two decades. Last year Ethiopia, with enormous Russian technical and material assistance, drove the Eritrean guerrillas out of almost all the towns they held and pushed them back to the mountainous northern tip of the province.

Mr. Issayas Aferworki, the assistant secretary-general of the EPLF, said that the guerrillas retreated in good order, staging ambushes on the way, and losing only about one-tenth of the 40,000 to 50,000 men he claims Ethiopia lost in the successive stages of its offensive, which began last summer.

Mr. Issayas said the EPLF had evidence of an Ethiopian build-up, accompanied by a large number of Russian military advisers, in western Eritrea, near the Sudanese border. This might be aimed at driving a wedge between Sudan and the guerillas, who use Sudanese territory as a supply route to their bases, he said.

Sudan, whose armed forces are much weaker than those of Ethiopia, would be hard-pressed to defeat such an incursion.

Despite tthe fact that Ethiopia has in the past year deployed about 120,000 troops and extremely heavy firepower, Mr. Issayas predicted that Ethiopia would face supply and logistics problems, due to guerilla actions in the rear, as well as dissension between Ethiopian officers and their Russian advisers.

He said that the harsh volcanic terrain of the Sahel region where the guerillas are based would minimise the utility of Ethiopia's tanks and artillery.

Eritrea was federated with Ethiopia by the United Nations in 1952, but the federation was dissolved in 1962, since when the Eritreans have been fighting *for total separation.* After the setbacks the Eritreans suffered last year the two main guerrilla groups, the EPLF and Eritrean Liberation Front (ELF) announced a greater willingness than before to negotiate with Ethiopia. But talks between President Nimairi of Sudan and Col. Mengistu Haile Mariam of Ethiopia last February in Sierra Leone failed to pave the way to a negotiated settlement and did not improve the poor relations Sudan has with Ethiopia.

Iran nuclear project nears collapse

BY ANDREW WHITLEY IN TEHRAN

IRAN HAS taken over from Kraftwerkunion, the West German engineering concern, the care and maintenance of the country's largest development project, the $6.9bn (£3.2bn) twin nuclear power stations under construction at Bushire on the Gulf.

Work stopped on the project last January, and there are no immediate prospects of resumption although construction is 80 per cent complete.

Pessimism over the future of the project, the last survivor of Iran's once highly ambitious nuclear power programme, deepened yesterday when Mr. Ali Akbar Moinfar, the influential Plan and Budget Minister, was reported as saying he was personally opposed to the construction of nuclear power stations in Iran.

He said they were uneconomic and in the case of the West German reactors he raised a safety consideration, saying the site was earthquake prone.

Kraftwerkunion is known to be unhappy about the Atomic Energy Organisation of Iran's decision to take over the management of the Bushire site, as they consider there are insufficient Iranian nuclear technicians available to look after the equipment already installed.

"We never thought they would be as foolish as to think they could do it on their own," one West German involved in the project said.

No negotiations are in progress on whether or not work will resume, but in the meantime the Iranian Government is making clear by other means that there is likely to be little future role for the German companies.

Temporary work permits have been issued for only 186 expatriates employed by Kraftwerkunion and the construction consortium HDG, Hochtief, Dyckerhoff and Widman.

These are valid for three months and thereafter the number will be reduce to 50. At its peak, 3,000 West German technicians and their families were living on the site.

Work began on the nuclear plants some three and a half years ago and progressed rapidly. Completion was due for late 1980 and early 1981 for the two units, and Iranian officials frequently praised the quality of the West Germans' work.

Mideast road link plan

BUCHAREST—Ten European countries are expected to join in the construction of a 10,000 km (6,250 miles) trans-continental motorway from the Baltic Sea to the Mediterranean to provide a rapid link between Europe and the Mid-East, Romanian officials report.

The North-South traffic route is to include existing roads. But, in addition, each country participating in the project would be required to contribute to road improvement.

The countries are: Poland, Czechoslovakia, Austria, Italy, Hungary, Yugoslavia, Romania, Bulgaria, Greece and Turkey.

Called the European Autostrada, the project was reported to be projected for completion by 1990. But no cost estimates were announced.

Officials said preliminary planning work was financed by the UN Economic Commission for Europe (ECE) and the UN Development Programme (UNDP). AP-DJ

Japan woos Mexico over oil

BY WILLIAM CHISLETT IN MEXICO CITY

THE SUMMER months will see a flurry of activity between Mexico and Japan as efforts are made to intensify commercial relations between the two countries.

Sr. Jose Diaz Serrano, the head of Pemex, the Mexican state-owned oil corporation, is keen to visit Tokyo early this month. Japan's trade and industry ministers plan a visit to Mexico later in the month and the foreign minister in August.

Meanwhile Japanese businessmen, bankers and technicians have been constantly flowing between Tokyo and Mexico City since Sr. Jose Lopez Portillo, the Mexican president, visited Japan last November. Japan had a trade surplus with Mexico last year of $238m (£139m).

There are three points of interest: Japan's eagerness to purchase Mexican crude and on capitalising on Mexico's need for expertise in building industrial and port complexes on the Pacific and Atlantic coasts and in electrifying its railway system.

Oil, of course, is the chief attraction.

Japan has to import 99.8 per cent of its oil and is looking for new sources. Mexico is not a member of OPEC, is regarded as a stable country and, with potential hydrocarbon reserves of 200bn barrels, is a long-term source of supply.

While Japan is clearly anxious to secure a long-term commitment from Mexico the matter is far from cut and dry.

Mexico's price was higher than OPEC's prior to the recent OPEC ministers' meeting. While Mexico's relative price is now uncertain, Japan does not appear likely to haggle over such matters, knowing full well that Pemex can always sell elsewhere. But as a country with a keen sense of business it wants to get the best deal possible. This could involve linking the purchase of oil to Mexico's industrial needs.

In this respect it is both amusing and noteworthy to see that a sense of rivalry has developed between different, private interests in Japan.

On the one hand the powerful Mitsui trading company, the Mitsubishi trading company, and the Japanese Industrial Bank, the country's largest private bank for long-term loans, are making a joint approach to Pemex to buy the oil and, as a sweetener, have offered cheap credit.

On the other hand, Japan's private oil-importing companies have formed another bloc, but apparently have not offered credit. They are the logical buyers, as they have the distribution network, but the other group is pushing hard with Pemex waiting to see how this rivalry resolves itself.

A far more serious problem for Japan is Mexico's lack of deep water ports on the Pacific coast. Until there is a clear indication that ports will be enlarged, Japanese importers will be reluctant to make such a long and costly journey if it can only bring in small tankers. The Mexican Government is now carrying out a ports study.

Mexico will also have to build a pipeline across country to move the oil to the Pacific coast from the major oil fields by the Gulf of Mexico.

Oil could be piped over to Salina Cruz on the Pacific Coast, and Japan could provide loans for the pipeline as the Mexican Government intends to finance the building of industrial complexes near coastal areas from its oil revenue.

Mexico may require Japanese participation in the second stage of the expansion of the steel mill at Las Truchas. Nippon Steel, Kobe Steel and Sumitomo Metal Industries are involved in talks with the Government. A decision has yet to be taken on who will be involved in this steel expansion.

There is no doubt that the will is there to buy the oil.

Japan needs it, and Mexico has publicly stated that it wants to diversify its oil exports away from the U.S. and reduce its share from its present 85 per cent to 60 per cent. If this is so then Japan could be importing 200,000 barrels a day from Mexico by the time it reaches daily production of 2.25m b/d at the end of 1980.

Mexican deficit rises

MEXICO'S TRADE deficit in the first five months of this year was $982m (£450m), 49 per cent more than in the same period last year, according to figures published by the Mexican Institute of Foreign Trade.

The sharp increase in the deficit confirms the pattern of rapidly rising imports as industry starts to expand after a period of recession and the failure of exports, other than oil, to make headway.

Imports totalled $4.2bn and exports $3.2bn. Not counting oil, exports only increased by 22 per cent, whereas imports rose by 48 per cent.

Oil exports were worth $1.1bn, 133 per cent more than in 1978 and 36 per cent of total exports. This was followed by coffee worth $272m and tomatoes at $160m. Manufactured goods increased by 24 per cent to a total of just over $1bn.

The imports bill was largely capital goods, a weak sector in the economy and a constant strain on the balance of trade. Imports of machinery, electrical parts, and precision instruments contributed 33 per cent of the total imports bill. The Government is giving high priority to the capital goods sector and offering fiscal incentives for the establishment of new industries.

Air Canada nears new aircraft decision

By Michael Donne, Aerospace Correspondent

AIR CANADA is on the verge of a major re-equipment decision for short-to-medium range airliners, with its choice believed to be in favour of the Boeing 767 twin-engine jet over the rival European Airbus A-310.

The airline's board is due to meet in Montreal next Monday, to vote on a proposal from the technical staff of the airline that it should buy up to 30 Boeing 767s, worth eventually over $1.5bn including spares.

The belief in the U.S. and European aerospace industry is that the vote will be in favour of Air Canada buying initially 12 Boeing 767s, with an option on another 18 aircraft.

Original pressures by the Canadian Government on the airline in favour of the European A-310 appear to have faded following the defeat of Mr. Trudeau's Government in the recent general election.

The Air Canada deal, if approved, will be the first major order for the 767 outside the U.S. Already, firm orders for the 767 amount to 84 aircraft from four U.S. airlines (United, American, Delta and Pacific Western), with options on another 81 aircraft.

Among the technical reasons cited for Air Canada's preference for the Boeing 767 are that it has a bigger wing than the A-310, giving improved performance over the European aircraft.

But another factor is that the Canadian aerospace industry, already closely associated with Boeing on various civil and military programmes, could get some offset work as a result of the Air Canada decision.

Martinair in £71m Airbus acquisition

By Charles Batchelor in Amsterdam

MARTINAIR, THE Dutch charter airline company, has ordered three A-310 Model 200, Airbuses at a cost of more than Fl 300m (£71m). The aircraft, to be delivered beginning in 1984, will replace three DC-9s now in service. Two will be convertible, in that they will be able to be used either solely for passenger or freight, marking the first time that an A310 has been ordered in this version, Martinair said.

Third World still opposes GATT safeguards code

BY BRIJ KHINDARIA IN GENEVA

THE COMMON Market has received a stern reply from developing countries to its proposals on an international code allowing industrialised nations to slap on import curbs to safeguard home producers against excessive competition from cheap foreign goods.

The developing countries have said they will not accept any code which does not oblige the government imposing the safeguard measures to first consult with the exporting country concerned and also obtain approval from a committee responsible for running the code.

The reply was given in informal talks which have been under way here intermittently since mid-June. Some sessions were chaired by Mr. Olivier Long, director-general of the General Agreement on Tariffs and Trade (GATT), the world's trade watchdog body.

The code is to be part of a package of trade codes being negotiated in Geneva in the multilateral trade negotiations (MTN) to supplement and modify existing GATT rules which govern most of the non-Communist world's trade.

Several MTN codes were completed last April but most Third World countries have so far refused to sign a final document ratifying with the codes.

The document has been signed by all the industrialised countries but Third World nations have said they are not yet satisfied that the separate codes in the package are to their advantage.

The proposed code on safeguards is the most important element of the MTN package. The Common Market, with lukewarm backing from the more liberal U.S. Administration, is trying to ensure that the code will allow its member states to curb cheap foreign imports if they endanger home industries.

The developing countries are bitterly against this interpretation of safeguard measures and insist that the code should be seen only as a safety valve to be used in very exceptional circumstances after providing clear proof that cheap imports rather than other factors, such as managerial inefficiency, are the cause of home industry troubles.

The existing Article 19 of GATT has so far acted as the safeguard clause but was rarely used because it obliged the country invoking it to curb imports from all sources.

The Common Market is now arguing that such blanket curbs are unfair because they penalise small exporters as well as the large ones whose products have caused the difficulties. For this reason the Community wants the right to apply safeguard import curbs selectively against products from specific countries.

The Community, the U.S. and Japan agreed in April that they will try to wrap up all major elements of the MTN by mid-July. Third World negotiators are marking time in the hope that the Community will soften its position nearer this deadline.

Italy seeks more Soviet oil

BY PAUL BETTS IN ROME

ITALY is seeking to increase its imports of oil and natural gas from the Soviet Union, both to offset in part shortfalls in oil supplies from Iran and to help cover future domestic energy consumption.

This was one of the main issues discussed by Sig. Giulio Andreotti, the outgoing Italian Prime Minister, during a brief visit in Moscow at the weekend on his return here from the Tokyo Summit.

Sig. Giorgio Mazzanti, chairman of Ente Nazionale Idrocarburi, the Italian state agency, is now expected to hold further talks with Soviet officials.

The Soviet Union currently supplies Italy with natural gas equivalent to 6.5m tonnes of oil and a further 6m tonnes of crude. These imports cover about 10 per cent of Italy's overall annual energy requirements.

The Soviet Union is now understood to be willing to increase natural gas exports to Italy to the equivalent of 10m tonnes of oil a year, but are asking for an adjustment in prices.

Italy's current economic co-operation agreement on prices with the Soviet Union is scheduled for renewal next year.

Moreover, the Soviet Union also appears interested in expanding collaboration with a number of leading Italian enterprises in the petrochemical and nuclear energy fields.

To this end, Italy is expected to open negotiations with Moscow for a new export credit line to the Soviet Union towards the end of this year.

During the past months, ENI has been negotiating a number of agreements with oil producing countries, including Saudi Arabia and Iraq, for additional oil supplies this year.

Cold store group expands

BY PAUL TAYLOR

THE O'GORMAN GROUP, the UK-based cold store construction and industrial refrigeration consultants, has set up new offices in Europe and the Middle East.

The move is part of an export drive designed to capture a £50m share of the growing overseas market for cold storage plant within the next five years.

The group, which moved into the export market only 18 months ago, has won a £7m contract for three 910,800 cu ft cold stores in the United Arab Emirates.

The cold stores are at present under construction, and the group recently completed a 750,000 cu ft cold store for Christian Salvesen at Chateauneuf-sur-Loire, France.

As a result, the group, which manufactures high-quality modular insulation panels at one of its UK plants has formed a new company in France.

It has also opened offices in Paris, and has established a joint company with Arabtec, a Dubai construction company.

The group's turnover is expected to increase from £10.6m in 1977/78 to between £17.5m and £18m in 1978/79 and exports are at present running at an annual rate of about £10m.

West Malaysian surplus rises

By Wong Sulong in Kuala Lumpur

WEST MALAYSIA'S trade balance soared to a record surplus of 1,380m ringgits (£306m) during the first four months of this year, compared with a trade surplus of 253m ringgits during the same period last year.

The commodity boom and higher output of crude oil from the east coast state of Trengganu were mainly responsible for this big jump. The Statistics Department said that exports for January to April totalled 5,710m ringgits against imports of 4,330m ringgits.

Rise in machine tool business

BY JOHN WICKS IN ZURICH

THE VALUE of world machine-tool production was more than $19bn (£8.8bn) last year, according to estimates of the European Committee for Co-operation of the Machine Tool Industries (CECIMO). Of this total, almost 75 per cent is said to have been accounted for by cutting machines.

The main centres of machine-tool manufacturing are given as Western Europe, with some 40 per cent of the whole, Eastern Europe with 24 per cent, the United States with a share of 17 per cent and Japan with one estimated at 13 per cent. The remaining 6 per cent came from ten further countries, primarily in South America and South-east Asia.

Competition from "new" producer countries is said to be growing, with producers there able to delivery machinery of conventional types and at prices considerably below those offered by manufacturers in Western Europe, the U.S. and Japan. These are seen as being forced to develop models with more advanced technology, improved product reliability and after-sales service.

Western European countries are stated to have purchased machine tools worth more than $5bn in 1978, thus accounting for more than 27 per cent of world demand. Some 50 per cent of this value is accounted for by trade between these countries.

The committee reported a rise in machinery investment, following the 1974-77 recession, in the German and French markets and to a lesser extent in Italy and the United Kingdom.

According to Sig. Guido Conti, of the European machine tool exhibition (EMO) to be held in Milan this October, machine-tool manufacturers in Germany, France and the United Kingdom are currently reporting an improvement in the volume of new orders.

Delivery dates average some eight to nine months in these countries and in Italy. In Switzerland, another leading machine-tool producer, work on hand is equal to some 12 months production, and shorter delivery dates are attributed to the smaller average size of Swiss models.

Uniroyal fights order alleging job discrimination

BY JOHN WYLES IN NEW YORK

UNIROYAL, the third-largest U.S. tyre producer, yesterday went to court in Washington DC to fight a Labour Department order preventing it from receiving any Federal Government contracts because of alleged job discrimination.

The order was issued by Mr. Ray Marshall, the Labour Secretary, after administrative hearings which found that the company had discriminated against female workers at its Mishawaka, Indiana plant.

In addition, it was decided that Uniroyal had breached contractual obligations to the Government by refusing to co-operate with an investigation into charges of discrimination.

Uniroyal is the largest Government contractor ever to face a ban under a 1965 Presidential order which prevents federal contracts being placed with companies guilty of racial or sexual discrimination.

The irony is that its small business with the Government, currently worth about $40m per year, is also threatened by its recent pay deal with production workers, which, according to the Council on Wage and Price Stability, breached the Government's pay restraint guidelines.

Yesterday the company filed a motion in a Federal court seeking a temporary restraining order, pending a review of the Labour Secretary's decision. Uniroyal said that the row stems from its closure in 1968 of footwear operations at Mishawaka.

While several Government compliance reviews were conducted subsequent to the shut down, no action was taken by the Department of Labour until eight years later. In 1976, when a compliance review resulted in allegations that the effects of the shutdown in 1968 discriminated against female employees in violation of Executive Order 11246," said a company statement.

Uniroyal added that the allegations were untrue and that the company was being penalised for not complying with the Labour Department's pre-trial discovery rules and regulations. In seeking to enforce this, the Department had exceeded its authority, the company claimed.

Few heed the call of the Stars and Stripes

BY NANCY DUNNE IN WASHINGTON

SIX YEARS after the demise of the military draft in the U.S., Pentagon officials trooped up to Capitol Hill recently to answer anxious questions about personnel shortfalls in each of the four services.

The active army, which has been "streamlined" down to 760,000 men and women, finished 1978 2 per cent below goal and, now is down about 6 per cent. The navy ended last year with only about 94 per cent of its projected recruits. The marines were running about 17 per cent short in the first three months of the fiscal year and even the traditionally popular air force was about 700 short last December.

Most worrying is the shortfall in army reserves which were once filled out by young men seeking a haven from the draft. National guard units, which serve the states in peacetime and the federal government in wartime, are about 60,000. Army reserve units are about 80,000 below full strength, and the individual ready reserve—trained soldiers on standby assigned to no divisions—are short about 320,000 of the 500,000 required.

Despite the millions spent to make the concept of an all-volunteer force viable, U.S. military might is being spread increasingly thinly. The navy, plagued by a rash of desertions, has half the number of vessels it had in the early 1960's. The stockpile of critical U.S. combat supplies fluctuates between 18 and 62 per cent of what would be needed if war broke out in Western Europe.

Concern apparently came to a head after recent mobilisation exercises. Gen. Bernard W. Rogers, then army chief of staff and now NATO commander, reported "deficiencies in our manpower base, deficiencies with our preposition war reserve stocks and an inability at this juncture for the industrial base of this country to gear up on a timely basis and produce, as required, those replacements for the tanks and artillery and the armed personnel carriers and so on lost on the battlefield.

With post-Vietnam feeling still strongly against reinstituting the draft, few in the military or Congress will propose its return. Alone among the testifying officials, Gen. Rogers admitted. "If this session of Congress could reinstate the draft, I would be in favour of it." His colleagues from the other services pronounced themselves satisfied with the voluntary system for now, and Mr. Clifford L. Alexander, the army secretary, said that "to enact a draft, I believe, would be unnecessary, unfair and counterproductive" to the army.

Much criticism of the voluntary service refers to its cost. More than 50 per cent of U.S. military spending is related to manpower and this is rising. Pay and benefits for the recruits have surged.

About $80-90m are spent per year on recruiting alone. Some $515m will be spent in fiscal

A Marine in action in Vietnam . . . now the corps is 2,000 men short

1979 on advertising, higher pay and a new programme of enlistment bonuses.

The quality of new recruits has been hotly debated. The army has become more representative of the American lower paid. It is one-third black, and the white volunteers are generally from poor families.

Many commanders, however, say it is the most effective U.S. peacetime force of the century. It is more efficient to teach highly motivated professionals the uses of complex modern weaponry than to train reluctant draftees, who serve shorter times and rarely re-enlist.

Others feel the new recruits are less intelligent than the average of those who would be picked up in a draft. Although the army makes a point of ensuring that 70 per cent of new volunteers have high school diplomas, the value of these degrees (issued by a declining U.S. educational system) is considered dubious. Average test scores in the army have remained steady only because of the influx of women who must meet more stringent requirements than men.

Volunteers are divided into four mental categories, the lowest being category 4 (below average but "trainable"). Due to the exigencies of the Vietnam war, nearly 38 per cent of the army draftees were drawn from this category in 1969. That number has been reduced to 10 per cent.

Near the end of the Vietnam war, the army was deeply troubled by problems of discipline, drug and alcohol addictions and shattered morale. The picture has now improved, with re-enlistments up, and desertions, absence without leave and crimes of violence down.

While maintaining that the volunteer army is an improvement over the draft, the service chiefs are looking at the demographics with concern. The number of U.S. males, aged 17-21, reached its high at 10.8m and is moving down to a projected total of 9m by 1990.

The end of the draft also brought about the near destruction of the selective service system, which went from a budget of $100m to $7m, and does little but exist in case of emergency. Opposition to the draft is still so vehement that a Bill providing for mandatory selective service registration is given only a *50-50 chance of passage*.

While considering the proposal, congressmen are wrestling with the question of whether women would have to register along with men. Although Congress could constitutionally exclude women now, it almost certainly could not in the unlikely event that the Equal Rights Amendment to the constitution being passed.

Women now comprise about 14 per cent of army personnel and five per cent in the marine's. Although they have been *allowed to serve in* most capacities, they seem to be, in the words of the Pentagon brass, "migrating from non-traditional to traditional skills. The general official attitude seems to be that women work well, are acceptable but not necessary and are not desirable in forward fighting positions."

While Congress this year may approve mandatory registration, the solution to the military's future needs is uncertain. Various proposals are being floated—a universal draft for military and non-military service, a universal voluntary service, a reserve draft drawn by lottery. But until the voters feel some urgency about the issue, Congress is unlikely to accept any drastic proposals which will send the draft card burners back to the streets.

Executives suffer drop in salary

By John Wyles in New York

PAY RISES for senior executives in medium-sized U.S. companies were pegged to the same level as those for blue collar workers last year, according to a survey by Peat, Marwick, Mitchell and Co.

Overall, this meant a drop in salary and bonus increases from 11.1 per cent in 1977 to 8.6 per cent last year. PMM speculates that the fall may reflect "the dampening influence" of President Carter's wage guidelines, which came into force in October.

However, executive belt-tightening was not equally shared. Despite the fall in average rises for all executives, the companies top three officers averaged 12.4 per cent increases, compared with 12 per cent the year before.

In spite of this the outlook

These findings are based on a random sample of 210 companies listed in the fortune "second 500" group with annual sales of between $100m and $450m. The survey indicated that the top executives in growth sectors, such as office equipment and instruments and optical goods, tended to be better paid than their counterparts in basic industries such as steel, food and beverages.

Thus the top three salaries in a $200m-a-year office equipment company averaged $250,000, $165,000 and $146,000 compared with $154,000, $101,000 and $82,000 in food and beverages.

The highest salary was $845,000, which went to a first officer who was not a chief executive. The highest-paid chief executive was found to own 84.4 per cent of his company's stock and to have received $555,000.

Support fades for lorry strike

SUPPORT for the U.S. independent lorry drivers' strike is beginning to wane following a promise from the Carter Administration of more fuel and new surcharges on the rates the drivers can charge to offset rising fuel costs, Stewart Fleming writes from New York.

The Federal Government is also planning to set up eight "safe" corridors on inter-state roads to try to ensure that drivers who want to go on working can do so without fear of violence from these who do not.

Oil auction attracts high bids

By David Lascelles in New York

AFTER THREE years of legal wrangling, the U.S. put 148 oil explotation tracts off Southern California up for auction at the end of last week, and received bids worth nearly $1bn for 55 of them.

Most of the bids were for tracts in the Santa Barbara Channel, where the nation's worst blow-out occurred, in January, 1969, spilling oil over a wide area. Despite the disaster, and tough local opposition from environmentalists, the channel is viewed as one of the more promising offshore drilling areas.

Apparent winning bids in the auction totalled $574m, with the biggest single bid ($61.2m) coming from a group headed by Chevron (Standard Oil of California), and including Phillips, Champlin Petroleum, and ICI's U.S. subsidiary, ICI of Delaware.

ICI has been investing in U.S. offshore oil activities since 1976, and currently has interests in tracts in the Baltimore Canyon and the Gulf of Mexico. The investment is being made for the financial return, though ICI has an option to receive oil if it wants to. The final results of the auction will not be known until next month.

The U.S. is trying to step up the pace of its offshore explaration as part of its drive to increase domestic reserves and boost production. Beginning next year, a new accelerated five-year programme is expected to open up several new areas to exploration.

David Buchan adds from Washington: Plans for a billion dollar fund to stimulate energy exploration in Latin America are hanging fire while the U.S. Treasury weighs a proposal from the Inter-American Development Bank that the U.S. should provide 50 per cent of the capital.

The proposal by the IADB, under which guarantees would be provided for bank loans and also insurance against political risks, echoes plans by the World Bank to encourage Third World countries outside OPEC to make the most of their energy resources.

The Treasury is understood to be sympathetic to the IADB proposal, by which the U.S. would initially contribute $375m for insurance and up to $175m in loan guarantees, especially after the latest oil price rises. But the Administration must also consider whether the money might not be better spent in developing solar power, or synthetic fuels at home.

Iraq stops unloading of crude for Canada

BY JIM RUSK IN TORONTO

IRAQ HAS placed an embargo on crude oil shipments to Canada and, although it may not be long-lasting, Canadian Government officials have had to intervene with the Iraqi embassy in Ottawa to clear the unloading of a cargo bound for Petrofina Canada.

A spokesman for the Canadian External Affairs Department confirmed that the Government learned early last week that there might be interruptions in the Iraqi oil supply in retaliation for Canadian plans to move its embassy in Israel from Tel Aviv to Jerusalem.

A vessel bound for Portland, Maine, the Atlantic terminus of an oil pipeline which delivers crude to Montreal refineries, had been ordered to remain in international waters. However, its cargo of crude was unloaded after the Iraqi ambassador to Canada, in response to Canadian queries, said that Iraq had no objection to the unloading of the cargo.

The embargo was apparently imposed before Mr. Joe Clark, the Canadian Prime Minister, assured Middle Eastern ambassadors that the move of the embassy would not take place until he had received a special report on the issue, which would take at least a year to prepare.

Canadian officials hope that this assurance will satisfy Iraq and that the embargo will be called off. However, Petrofina, which imports 10,000 to 15,000 barrels a day, or about 15 per cent of its requirements from Iraq, is making plans to replace the crude if the embargo lasts.

Hire purchase sales show 9.1% increase

BY DAVID FREUD

HIRE PURCHASE sales rose sharply in May as consumer spending, spurred by fears of a Budget VAT rise, continued to recover from the winter slowdown.

Figures released yesterday by the Trade Department showed that the amount of new credit advanced in May was 9.1 per cent higher than in April, after a 7.9 per cent rise in the previous month.

Retail sales in May fell from the near-record level of April, but still remained buoyant. The revised index for the volume of retail sales was 1.6 per cent lower at 113.5 (1971 = 100, seasonally adjusted), the same as the provisional estimate.

The significance of the drop should not be exaggerated since the level of sales in April may have been artificially high because of bunching of purchases after the bad winter weather and industrial disputes.

Even after the fall, the volume of sales was still about 3.5 per cent above last year's average level.

Taking the latest three months together, to eliminate the bunching effect, the biggest increase was in sales of durable goods, which were 3.7 per cent higher than in December-February.

Spending in clothing and footwear shops and other non-food shops was 1.7 per cent higher in the latest three months, while food sales were up 0.2 per cent.

The largest drop in May was in clothing and footwear, where sales were 6.4 per cent lower than in April.

Mr. Richard Weir of the Retail Consortium, which represents a wide range of stores, attributes this poor result both to the poor spring weather and to the emphasis on durables in beat-the-Budget shopping.

New credit extended by finance houses and retailers rose by £52m in May to £624m, after seasonal factors are taken into account. The department said that this reflects pre-Budget spending, especially on motor vehicles.

Following the big rise in April, this meant that total advances in the latest three months were 10 per cent higher than in December-February.

Advances by finance houses and other consumer credit grantors rose £42m to £388m in May, while new credit extended by retailers was £10m up at £236m.

The total amount outstanding to finance houses and retailers in May was 26 per cent higher than a year earlier at £6.75bn (not seasonally adjusted).

HIRE PURCHASE CREDIT AND RETAIL SALES
(Seasonally adjusted)

	New credit extended by: Finance Houses	Retailers	Total debt outstanding (unadjusted)	Retail volume (revised): Total	Durable goods shops
	£m	£m	£m	(1970=100)	
1977 1st	—	—	—	103.3	115
2nd	596	507	4,205	102.4	118
3rd	657	546	4,482	104.2	121
4th	736	542	4,791	104.7	122
1978 1st	809	565	5,053	106.4	124
2nd	901	605	5,496	107.9	129
3rd	895	647	5,810	110.7	134
4th	958	618	6,211	111.7	134
1979 1st	934	652	6,416	110.3	131
1978 October	306	202	5,969	110.2	132
November	344	217	6,140	110.5	132
December	308	199	6,211	113.8	137
1979 January	300	225	6,236	109.6	127
February	311	220	6,316	110.4	137
March	323	207	6,416	110.8	129
April	346	226	6,542	115.4	144
May	388	236	6,753	113.5	144

Source: Department of Trade

Private preview for BL products

By Kenneth Gooding, Motor Industry Correspondent

BL IS TO stage a private preview this week of the Mini Metro, new versions of other cars, and examples of its new truck range.

The original idea was to show senior representatives of banks and financial institutions which have invested in BL how their cash is being spent. But the preview has been widened to include Department of Industry representatives, senior union officials and members of BL Cars' national dealers' organisations.

There will be separate presentations over several days at BL's new top-security, advanced Technical Centre at Gaydon, Warwickshire.

Secrecy

Those invited have promised secrecy. They will get the chance to drive prototypes of the new Mini Metro and look over examples of other BL cars soon to be put on the market.

Also on view will be some T45 trucks, due to be launched in the autumn, and T43 trucks, designed for sale in developing countries.

BL denied that the presentation was intended to induce the private sector to put up more money for the group. "We simply feel those who have already invested should have a chance to see how some of their money has been spent," a company spokesman added.

Soviet Christmas card mystery

BY MAURICE SAMUELSON

THE newest threat to East-West detente was raised yesterday in the House of Commons when a Tory MP alleged that a growing number of Christmas cards, printed in atheist Russia, were being "dumped" in Britain to the "substantial detriment" of British manufacturers.

Mr. Robert Atkins, MP for Preston North, pressed Mr. Cecil Parkinson, Minister of State for Trade, to investigate the allegations. Mr. Parkinson, bracing himself for his first international crisis since assuming office, admitted that it was the first he had heard of this insidious and cynical abuse of free trade and agreed to investigate the charge.

In fact, unknown to Mr. Parkinson, his officials in the Ministry had already come to grips with the problem. They found it so mysterious that they doubted whether it really existed.

That was also the view at Fine Art Developments, Britain's biggest greeting cards producer, which said the Russian Christmas cards sold here last year were "of very little consequence and had no noticeable effect on our trade." They were all of the cheap "super-market" variety, the company added.

Back at the Trade Department, officials were also mystified by the claim that the cards were being unloaded here as part of a complicated Soviet effort to secure sterling to purchase computer equipment in the U.S.

As for the ideological ironies of the Communists purveying religious material, this was also obscure. Some of the Russian cards sold here last year were said to have portrayed a little girl kneeling with hands clasped. Another showed three shepherds.

If true, though, it is partly the fault of the designers, whose trade circles say—are almost certainly British.

Statistics on the Soviet Christmas card threat are also elusive. Some say that 45m Russian cards were imported last year and might reach 100m this year. However, this is not a very big threat to a market of 1.1bn cards a season, and is said to be far less than the numbers of cards imported from the devoutly Catholic Irish Republic.

Britain last year was still a net exporter of cards with exports worth £6m compared with £5m worth imported.

Minister and local authorities clash over spending cuts

BY RAY PERMAN, SCOTTISH CORRESPONDENT

LOCAL AUTHORITIES clashed with Mr. George Younger, Scottish Secretary, yesterday over how they should carry out cuts in spending.

The Government wants the cuts, amounting to £84m in Scotland during the current year, to be made in services and by natural wastage in reducing manpower.

At a two-hour meeting in Edinburgh Mr. Younger asked the authorities to avoid increasing rates. He accepted that there could be problems in implementing the Government's financial policy but emphasised that it was determined to reduce the public sector borrowing requirement.

But Mr. Tom Clarke, chairman of the Convention of Scottish Local Authorities, said that it was ridiculous to cut grants to councils and expect them not to increase rates. This would place them in a straitjacket and could leave them without enough money to fulfil their statutory obligations.

The Scottish Office has said that council budgets for this year must be trimmed by £49m and that the rate support grant increase promised to councils would be reduced by £35m.

Officials from the Scottish Office and the local authorities are to prepare a report on the way in which spending can be reduced in time for the next meeting between Mr. Younger and the convention in September.

Mr. George Younger

Oil crisis puts up cost of ICI solvents

By Our Chemicals Correspondent

IMPERIAL CHEMICAL INDUSTRIES yesterday put up the price of its tetrahydrofuran (THF) and gammabutyrolactone (GBL) by 20 per cent. The group said the price rises reflected "pressures on oil supplies to the chemical industries" and the resulting increases in petrochemical raw material costs.

The price rises, which will take the cost per tonne of THF to £1,608 and that for GBL to £1,464, follow a 25 per cent price increase in February this year. The earlier increase was introduced to offset the "escalating cost of feedstocks" over the previous 18 months, the company said.

THF and GBL are solvents used in the making of cellophane coatings, pharmaceuticals, adhesives and agrochemicals. Both are manufactured by ICI at Stevenston, Ayrshire. About half the production from Stevenston is exported, most of it to continental Western Europe.

The raw material from which THF and GBL are made is benzene, which comes from naphtha, an oil-based product. ICI said that in the past year the cost of benzene had risen by 140 per cent.

The new prices which came into effect yesterday will apply to the delivered product in Britain and overseas.

Bill to check bus fare frauds

By Colleen Toomey

GREATER MANCHESTER Passenger Transport Executive has taken a radical step to check passenger fraud. A Private Bill now before Parliament would enable the executive to charge passengers caught travelling beyond their paid destination five times the fare for the unpaid journey, with a minimum of 50p.

Alleged offenders would be given 21 days to pay or to provide an adequate explanation.

The Confederation of British Road Passenger Transport said yesterday that while the scheme covered only the Greater Manchester area, it hoped that Mr. Norman Fowler, Transport Minister, would apply the Bill nationally. The cost of fraud in Manchester is estimated at £2m a year.

Mr. Denis Quin, director-general of the confederation, said that with soaring fuel charges and inflation forcing up running costs, it was important for bus operators to recoup costs.

Chief of state ship repair yard resigns

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

MR. JAMES EKINS, chief executive of the State-owned River Thames Shiprepairers, has resigned following a decision to halve his company's workforce.

He is to become managing director of the recently-formed Wimpey Appledore company, which specialises in marine construction consultancy.

Mr. Ekins said yesterday that recent rationalisation plans announced by British Shipbuilders, of which River Thames Shiprepairers is a part, had changed the nature of the company and his own responsibilities.

River Thames will now come under the executive chairmanship of Mr. John Wilde, who also heads British Shipbuilders' Vosper repair company in Southampton. Eventually, the two yards may be merged for marketing and purchasing purposes.

That is an issue which will be taken up by Mr. Eric Mackie, who joins British Shipbuilders shortly as managing director responsible for ship-repair.

Mr. Mackie is also faced with the problem of mounting losses in the ship-repair division, in spite of a big reduction in jobs at River Thames and the virtual closure of the Falmouth repair yard.

Mr. Mackie was previously managing director of James Brown and Hamer, a ship repair company based in Durban, South Africa. He replaces Mr. Anthony Mackesay, who has left Britain ......

British Shipbuilders to pursue his interests in the private sector.

Another problem for Mr. Mackie is the persistent pressure on British Shipbuilders to sell the ship repair facilities it is scaling down.

There are still companies interested in the Falmouth yard, which contains the biggest repair dock in Britain.

C. H. Bailey, the Bristol Channel ship repair company, is still showing interest, as is Clydedock Engineering, which is owned by Mr. R. A. B. Butler, chief executive of Tyne Ship-repair, the largest of British Shipbuilders' repair subsidiaries.

Overseas student fees rise

By Michael Dixon, Education Correspondent

AN EXTRA 22 per cent increase in tuition fees for overseas students was announced by the Government yesterday. The move, foreshadowed in the Budget last month, will save about £6m of public expenditure in this financial year.

The increase, on top of the inflation-compensating rise previously announced by the Labour Government, will mean that from the autumn overseas students at British universities and colleges will be paying tuition fees 33 per cent higher than in the last academic year.

The fees for postgraduates will rise from £925 to £1,230; those for undergraduates from £705 to £940; and those for sub-degree courses from £390 to £520.

But about 60 per cent of the average cost of the overseas students' courses will still be met from UK taxpayers' funds.

The new fee-levels recommended by the Government seem virtually certain to be put into force by the local education authorities, which fix the fees for polytechnics and colleges.

The universities will be more reluctant to follow the recommendation. But they were officially warned last year that resistance to Government policy on overseas students could have "a serious long-term effect on the total money available to universities."

Court told of 'insolvency sale'

A FORMER chairman of Barclays Merchant Bank said in the High Court yesterday that four years ago the Newman Industries company bought the shares and debt of a company that was already insolvent.

Sir Charles Ball told Mr. Justice Vinelott that the company, Smithamcote, had a negative asset value as a group and was unable to meet liabilities as they fell due.

He was appearing as an expert witness in an action brought by the Prudential Assurance against Newman, Thomas Poole and Gladstone China (TPG), Mr. Alan Bartlett and Mr. John Knox Laughton. The case concerns the sale of a package of assets and liabilities by TPG to Newman in 1975.

The Prudential held about 4 per cent of Newman's capital at the time and is claiming that the circular informing shareholders of the proposed sale was misleading and "tricky." It also seeks damages for breach of duty and conspiracy from Mr. Bartlett and Mr. Laughton who, were then chairman and vice-chairman of both Newman and TPG.

Among the assets acquired by Newman were 49 per cent of the ordinary capital of Smithamcote, an unquoted holding company for management consultancy business, and promissory notes issued by Smithamcote to TPG totalling £100,000.

The interest on the notes was set at minimum lending rate but Sir Charles said he thought five per cent above MLR would have been a much truer rate.

On June 28, 1975, a week after the circular was issued, Smithamcote defaulted on the notes, though shareholders were not informed of the fact until later. Sir Charles said that once default was imminent the rate of interest was academic.

Asked by Mr. Justice Vinelott what value the notes would have commanded in the market, Sir Charles replied that, as regards the ordinary purchaser, he could not see that anyone would have been interested.

The court was told that also on June 28 Smithamcote's secretary, Mr. P. A. Baldrey, and Mr. David Cooper, an accountant and now chairman of the Nelson David group, sent the TPG board a memorandum, which was read to the court, valuing two management consultancy concerns held by Smithamcote.

Three methods of valuation were considered initially, but these were rejected and the final valuation was based on unaudited fees plus ten per cent.

Sir Charles described this valuation as ingenious but said he did not agree with it.

After commenting on the sale of stakes in four associated companies by TPG, he said he could not quite fathom why TPG wished to dispose of them. "To my mind, there must have been some other factor which was not put down in words of one syllable," he added.

It was not impossible that TPG had expanded on the back of bank borrowing and had over-extended itself.

Capital Annuities —no levies

By Eric Short

THE POLICYHOLDERS Protection Board has been able to fulfil its obligations towards policyholders in Capital Annuities, the life company in the process of being liquidated, without having to impose any levies on life companies during the year ending March 31, 1979. It also does not expect to make any levy during the current year.

This was revealed when the Board published its report and accounts for the financial year ending March 31, 1979. It was set up to administer the working of the Policyholders Protection Act, 1975, which guarantees that policyholders will receive at least 90 per cent of the benefits on their insurance contracts should their insurance company run into financial difficulties.

It had power to finance its operations by making levies on the premium income of life companies. So far it has made one such levy in 1977 which raised £1.5m.

At present, the board is making payments to policyholders in Capital Annuities, a life company that was subject to a winding-up order on July 26, 1978. The board is either making payments direct to policyholders or through substitute contracts issued by Commercial Union Assurance or Hambro Provident Life Assurance.

The accounts showed that the board paid out over £900,000 to policyholders in the last financial year—£642,000 direct and £269,000 through the CU. The board's only source of income during the year was £61,000 of bank and other interest, so it ended the year with a deficit of £1.31m. But since the end of the year in question, it has received the first interim payment of £1.11m from the liquidator of Capital Annuities.

Mr. Paul Shewell of Coopers and Lybrand the liquidator of Capital Annuities, stated that the liquidation is proceeding smoothly. All policyholders have surrendered their rights to the board, all general creditors have been dealt with,

Mitchell Cotts sells warehouse complex

BY MICHAEL CASSELL

MITCHELL COTTS, the international trading, engineering and transport group, which is reorganising operations and reducing borrowing in the wake of a poor overseas trading performance, has sold a warehouse complex in Penkridge, Staffordshire, for £6.5m.

The complex has about 500,000 sq ft of warehousing space and has been bought for cash on a sale and leaseback contract by Pearl Assurance. The price compares with a book value at the end of June 1978 of £2.3m. A 42-year lease has been secured at a current annual rental of £55,000.

The complex is about 10 years old and occupied by major industrial tenants including Imperial Chemical Industries. Mitchell Cotts itself uses only about one-sixth of the floor-space, although it emphasised yesterday that continuing use was necessary for its transport operations.

Mr. P. P. Dunkley, chairman of Mitchell Cotts, said the £6.5m reduction in borrowings would bring a substantial saving in interest charges, even after the rental charges.

The excess of £4.2m over book value, to be transferred to reserves, and the reduction in the group's overall indebtedness, would considerably strengthen the balance-sheet and "pave the way" for future development of its operations.

In the year ending June, 1978, the group showed bank borrowings of £23.12m. Pre-tax profits fell to £10.24m against the previous year's record of £11.67m. In the first half of 1978-79 the pre-tax figure fell from £4.58m to £2.67m on an almost unchanged turnover, and a figure for the year of about £6m looks likely.

The main element in the the profits fall has been less activity in Southern Africa and Australia. Mr. Dunkley said yesterday that the group was steadily building up its UK business.

Bus fares blow to Merseyside

HIGHER fuel prices will mean that Merseyside municipal bus fares, already due to rise 10 per cent in October, will in many cases have to go up even more.

Mrs. Jean Leech, chairman of the Merseyside Passenger Transport Committee discounted reports that they could go as high as 25 per cent, after a meeting with the directors of the Merseyside Passenger Transport Executive.

Dearer gin and vodka

BY OUR CONSUMER AFFAIRS CORRESPONDENT

UK WHOLESALE prices of gin and vodka produced by the Distillers Company were increased yesterday and the move is likely to raise shop prices.

Distillers announced that the official trade price for gin will rise by £1.50 to £51.78 a case of 12 bottles. But the "special allowance"—the near-automatic discount allowed to wholesalers—will also be increased by 40p to £4.10 a case. Distillers' main brands—Gordon's, Booth's, and High and Dry—are likely to cost at least 10p a bottle more retail.

Cossack vodka will cost at least 12p more in the shops, following the higher wholesale price. A case of 12 bottles will cost £1.63 more at £50.30. The wholesale allowance is going up by 20p to £4.70 a case.

Export prices are likely to rise by similar amounts.

80 countries in London conference of bankers

By John Evans

MORE THAN 80 countries are sending representatives to a conference of banking supervisors which the Bank of England and Bank for International Settlements are holding in London later this week.

The main aim, according to Bank of England officials is to establish a fuller understanding among central banks and monetary agencies of the nature of supervisory problems which arise in surveillance of international, rather than domestic, banking activities.

Delegates will examine various discussion papers. The subjects will include the question of adequate banking capital, consolidation of international activity of banks, and problems of foreign exchange business around the world.

It will be the first time a conference of banking supervisors has been held on such a scale. More than 150 delegates are expected, and Mr. Gordon Richardson, Governor of the Bank of England, will on Thursday make an opening address at the two-day meeting.

It will seek to create a greater understanding among banking supervisory staffs of international supervision problems. There will be a particular emphasis on countries where surveillance is mainly concentrated on the monitoring of banking activity on a domestic basis.

House price stability foreseen

BY MICHAEL CASSELL

HOUSE PRICES in the first half of 1979 continued to rise at the rate recorded last year, although a period of stabilisation now looks likely, according to the Anglia, Hastings and Thanet Building Society.

The society's chief surveyor, Mr. Peter Moreton, calculates that prices rose on average by 14 per cent in the first six months of this year against an overall average increase of 28 per cent in 1978.

Mr. Moreton says that house purchase activity during the first part of 1979 was greater than expected. The market continued to react to the recently achieved improvement in real incomes. In addition, there has been a marked shortage in many regions of new and second-hand houses in the popular range.

But in a survey of the current market Mr. Moreton comments: "The basic laws of supply and demand lead to a natural periodic cycle of peaks and troughs in prices and housing that is not immune. The last year and the early part of 1979 has seen a peak, with the market catching up.

"The economic situation, recent Budget proposals and the latest retail price index all indicate that a period of house price stabilisation may well be in prospect and that the increases of past months could well moderate."

According to the society, the picture nationwide remains one of an inadequate supply failing to meet heavy demand. At the same time, mortgage demand far outstrips mortgage finance, so that borrowers are providing more from their own resources.

Estate agents Bernard Thorpe and Partners said yesterday that it was becoming "almost impossible" for first-time house-buyers to afford a home of any sort within the Greater London area.

The company's quarterly survey of property trends says that young couples are almost barred from buying within central London because of high prices and lack of sufficient mortgage money.

The survey also shows that some prices being paid for land are well up to those of the 1972 property boom. It adds: "There is every reason for caution during the second half of this year because changes in the economy, coupled with general inflation and money-supply problems, could catch out those who are relying on continued inflationary house and land prices to make their money."

Co-op loses court fight

NOTTINGHAM City Council can let out a new supermarket site which is at the centre of a dispute between the council and Greater Nottingham Co-operative Society, a High Court judge ruled yesterday.

He freed the city council from an undertaking not to accept tenders for the site at Carlton Road, Nottingham. But Mr. Justice Walton said the Co-op could proceed with an action for breach of contract against the council.

The judge said an action for an injunction was unsustainable. He blocked further legal moves by the Co-op to obtain a declaration that the council was bound by a 12-year-old agreement to offer it the lease of the site.

But he said the Co-op might have a very good claim for damages. The society was given leave to appeal.

Dista plans £8m expansion

BY SUE CAMERON, CHEMICALS CORRESPONDENT

DISTA PRODUCTS, part of the U.S.-based Eli Lilly pharmaceuticals group, plans an £8.5m expansion of its antibiotics plant at Speke, near Liverpool.

The expansion, scheduled over the next two years, will increase the plant's annual capacity from 700,000 kilos to 850,000 kilos. The project has attracted a £1.5m industrial development grant, in addition to the normal 22 per cent regional grant.

Installation of new computer-controlled equipment will form the bulk of the expansion. Most of the equipment will be bought in the UK. George Wimpey will oversee the contract.

Dista, a subsidiary of Lilly Industries, said yesterday the project was planned to meet an expected rise in worldwide demand for anti-biotics in the 1980s.

The Speke plant produces two antibiotics — Cephalexin and Tylosin. Cephalexin is used to treat humans, and Tylosin is an antibiotic for animals, mainly pigs. When the expansion is completed, a third antibiotic, Monensin, will be produced. It is chiefly used to treat chickens. At present it is imported from the U.S.

More than 50 per cent of the present production at Speke is exported. This figure will rise to slightly less than 60 per cent when the expansion is completed.

Dista said the project would guarantee the jobs of its 1,000 Speke employees, although it would create only 30 additional jobs.

Mr. Richard Wood, president of Eli Lilly, said in Zurich yesterday that the group was testing a new antibiotic which had a wide range of uses with few side effects. The group planned to spend $500m during the next three years to extend its manufacturing facilities worldwide.

Private collector spends £105,000 at Christie's

BY ANTHONY THORNCROFT

A SALE of Italian maiolica at Christie's yesterday made £453,847. A private Canadian collector was particularly active, acquiring half of the top 10 lots. He paid £32,900, plus 11.5 per cent buyer's premium and VAT, for a Castel Durante blue ground tondino by Zoan Maria, circa 1510 (it sold for £270 on its last appearance at Christie's in 1899), and £30,000 for a large Faenza dated Istoriato Berretino dish of 1537.

His other purchases included an Urbino Instoriato dish in copper lustre of 1539 at £17,000; a Gubbio lustred blue ground tondino, of around 1525, for £14,000; and a Beruta blue and gold lustre charger of about 1520 for £12,000. Other high prices were the £32,000 from Humphrey's, the London dealer, for a Gubbio lustred armorial tondino of cardinal hat form for £32,000 and £23,000 from the same buyer for a Caffaggiolo blue and white armorial tondino of c. 1510.

There were equally high prices at the Sotheby's auction of valuable printed books, which brought in £270,620. Quaritch, the London dealer, bought a rare first edition of *Stirpes Novae* by L'Hertier,

SALEROOM

BY ANTONY THORNCROFT

with 91 plates by Redouté and others, for £42,000, more than three times the estimate, and Jacquin's *Selectarum Stirpium Americanarum Historia*, with 264 watercolours, realised £36,000. Baskett and Day gave £30,000, double forecast, for *Arbres Fruitiers* by Duhamel du Monceau. *Prevost's Fleurs and Fruits* went for £26,000.

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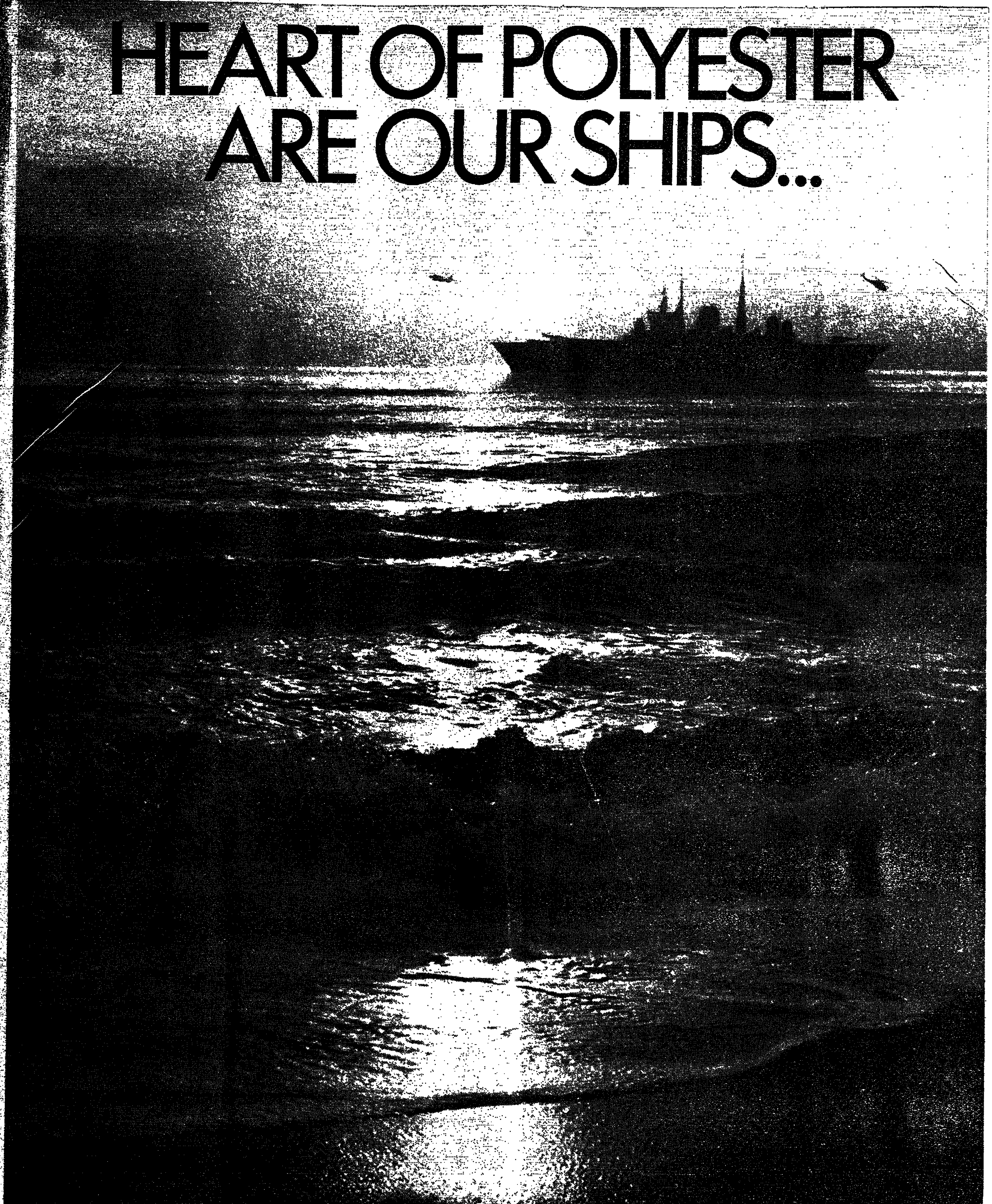


Does it seem far-fetched that the great navies and merchant fleets of the world will one day be moulded in plastics?

Yet parts of them are today. Smaller craft, it's true, such as minehunters, work boats and submersibles. Yet there they are, hulls and superstructures sailing the seas, rivers and harbours of the world, moulded with the help of Cellobond polyester resins, specially developed by BP Chemicals. Next—a through-deck cruiser like this in plastics? What seems incredible today may be only just over the horizon.

BP Chemicals are always working at the frontiers of technology, researching new applications for our products and making them work. If the admiralties of the world decided to move from steel to reinforced plastics, many of the hulls launched would be built with the help of BP Chemicals.

BP Chemicals are one of the founders of the European petrochemicals industry. Our direct access to the raw materials from within the BP Group provides security of supply. This, together with our continuing investment in resources, service and product range, ensures that we continue to meet the needs of industry today, and the demands of the world tomorrow.

BP chemicals-making it all happen

Economic prospects 'hit by dearer oil'

BY DAVID FREUD

A GLOOMY view of the medium-term prospects for the UK economy after the most recent oil price rise was published yesterday by the independent forecasters, the Economic Models Group of Companies.

The group does not expect the private economy to take the opportunity over the next four or five years for substantial expansion given by the reduction in public spending and real taxation growth.

Until 1981 government policy is forecast to squeeze profits and retard investment, while oil production will buoy up sterling and depress exports. For this reason employment growth in this period will be poor and manufacturing production sluggish.

1985 brighter

After 1981 the group says that growth of the UK oil sector will be minimal and the real exchange rate will decline and manufacturing competitiveness stabilise. The outlook for manufacturing beyond 1985 is much brighter.

Consumer spending on non-durables and services is expected to grow faster than on durable goods over the next six years. Employment prospects in the service sector should therefore improve.

The group forecasts that by 1985 the cost of an average house will move up from the present level of £18,000 to £45,000.

However, in the short term the rise in house prices is expected to end with no increase in 1980.

"With the return of easier money and lower relative energy costs, the private sector is expected to recover by the middle of 1981.

In spite of this the outlook for the construction industry as a whole is not bright in either the short- or long-term.

Consumption of durables is expected to favour the electrical sector at the expense of car manufacturers. The group says that the domestic budget share of radios and electricals should rise as competition depresses prices and a new generation of home gadgetry.

Sales in this sector are expected to rise by an annual average of 4.8 per cent between 1978 and 1985. Growth in the *electrical engineering manufacturing sector is forecast* at an annual average of 3.4 per cent over the same period.

Other manufacturing sectors showing strong growth are expected to be instrument engineering, chemicals and, after 1981, motor vehicles.

Growth

Certain basic industries are expected to continue to decline over the forecast period, in particular iron and steel, shipbuilding and marine engineering, and textiles.

City stockbroker Panmure Gordon says in its latest economic review that a cut in the Minimum Lending Rate, now standing at 14 per cent, is unlikely before September. It argues that the Government's commitment to monetary control may only slowly translate into lower bank lending and money supply growth.

Stockbroker Wood Mackenzie concludes in its latest review that tight monetary policy, substantial demand for advances and pressures on the banking system will all tend to hold up short term interest rates. There will be some decline, however, probably in the latter half of 1979 and in 1980, due to the increasing likelihood of a world recession. *This should mean that short-term rates level off* at about 9-10 per cent next year.

Clwyd seeks restoration of Welsh air link

By Robin Reeves

TALKS are to take place this week on restoring the North-South Wales air link, suspended at the week-end after the acquisition of Air Wales by Air Anglia for an undisclosed sum.

Air Anglia's management has agreed to meet senior officials of Clwyd County Council, which has been subsidising the twice-daily service between Hawarden and Cardiff for £34,000 a year.

Air Anglia has indicated that the suspension will be brief to allow Air Wales's operations to be examined in detail. The signs are that the new owners are looking for an increased subsidy from Clwyd to maintain the service.

The North Wales local authority undoubtedly values the air link as an important element in its efforts to attract new industry to the county, which has the highest unemployment in Wales, over 10 per cent.

Clwy is angry at the lack of consultation which preceded Air Anglia's suspension. Mr. Mervyn Phillips, the county's *chief* executive, hinted yesterday *there* were alternatives open to the local authority, such as putting the subsidy into a charter service link with Cardiff or an improved rail service between North Wales and the Welsh capital.

Air Anglia's takeover ends months of rumour and speculation about the future of Air Wales, a subsidiary of Cosalt and DK Aviation. The Cardiff-based airline began operating in December 1977 with the aim of establishing a network of routes. At one stage it proposed the setting up of a round-Wales airbus.

Pay unit says Government staff will need 20% rises

BY PHILIP BASSETT, LABOUR STAFF

GOVERNMENT industrial workers are likely to need increases of about 20 per cent this year, according to reports from an independent pay comparability unit.

The reports of the Civil Service's Pay Research Unit, which has been given extra resources to deal with outside comparisons for the 170,000 industrial civil servants in addition to its normal work for 600,000 white-collar staff, have now been delivered to the 12 unions and the Civil Service Department.

The department is due to give the unions its analysis of the reports by the end of the month, though initial analysis by the unions shows that rises of about 20 per cent are due for the majority of the grades, though increases for higher-paid skilled workers are likely to be greater.

Analysis of the raw information in the reports of comparisons with similar jobs in outside companies for the industrial workers is further complicated by the fact that unlike the white-collar staff factors such as shift payments have to be evaluated.

The unions regard the white-collar settlement which gives increases averaging 25 per cent by January as an important guideline for negotiation. Of particular relevance to the industrial grades are the settlements of 20-20.99 per cent and 20.16-21.95 per cent reached for the bottom two administrative grades.

The unions feel that the Government will find it difficult to avoid reaching agreement for the industrial grades based on the PRU comparability reports, partly because of the influence of the white-collar settlement but mainly because the principle of comparability as a basis of this year's settlement was central to the agreement reached last year.

Action taken over pay last year by the industrials caused considerable political embarrassment when three out of four of Britain's Polaris submarines were blacked and had to be released by the Navy. Other action included disruption in naval dockyards and stoppages by House of Commons and Whitehall drivers, messengers and other staff.

The pay unit, which makes no recommendation on how its findings should be applied, has looked at comparable jobs in engineering, shipbuilding, construction, transport, distribution and other industries.

North Sea gas supplies threatened by dispute

BY NICK GARNETT, LABOUR STAFF

THE supply of North Sea gas from four production platforms operated by Phillips Petroleum is under threat from a union dispute over pay.

The Association of Scientific, Technical and Managerial Staffs, which represents a majority of staff in dispute with Phillips in the Hewitt gas field, said yesterday that unless the company made substantial improvements on its last offer the union would take whatever action was necessary to change Phillips' stance.

This could involve the closure of the company's gas wells which produce 15 per cent of UK needs, although it is more likely that the unions would do enough simply to reduce supply.

A final conciliation meeting between unions and the company is scheduled for next week.

ASTMS represents 56 of the 80 maintenance men, operators, technicians, supervisors and foremen on the four platforms.

The Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades Union represent about ten with a further 15 staff non-unionised.

Mr. Roger Spiller, ASTMS divisional officer, said the company had made an 8 per cent offer on basic salaries and an improvement in the special allowance for working offshore frm £5 to £6.50 per day.

Mr. Spiller said Phillips had consistently adhered to pay policy while other production companies had not. Staff who had shown great loyalty were now being forced to act against "parsimonious treatment."

The company said yesterday that it had offered a pay package that compared more than favourably with that in other industries in the area.

Neither the unions nor the company expects any interruption in supply to affect the public because of low summer demand.

Current basic salaries range from £3,036 for trainee plant operators up to a maximum of £8,000 for foremen. There is a further 7½ per cent on salaries for fixed two hours weekly "overtime," and shift and offshore allowances totalling £1,821.

Statement by Soames about technicians

By Philip Bassett

LORD SOAMES, the Lord President of the Council, said yesterday that the Government had made every effort to end the disputes with 70,000 scientists and technicians, who are taking selective strike action over pay.

Lord Soames, the Minister in day-to-day charge of the Civil Service Department, said the Institution of Professional Civil Servants had been urged repeatedly to accept the pay offers or go to arbitration. His statement was made in a written answer in the House of Lords to a question by Earl Fortescue.

He said that for the 20,000 scientists there was a "dispute of principle" over only two grades. "We have offered the IPCS exactly what it has sought subject only to reaching a clear agreement that this offer should not be taken as a precedent."

The scientists had been offered 20-33 per cent, though the union argued that conditions attached to the offer were unacceptable.

Lord Soames said the 40,000 technical staff and 10,000 related workers had been offered 15½-22½ per cent based on a pay comparability study "calculated in the same way as those accepted by other unions."

The IPCS argues that its professional and technical members have traditionally received increases 11-20 per cent above the median figures from the comparability reports on which other unions have settled. Scientists and technicians began striking yesterday at Defence establishments, including the Polaris base on the Clyde, Royal Ordnance Factories at Glascoed and Manchester, and map-making establishments at Southampton and Feltham, Middlesex.

BL craft men blame transport union in wage structure row

FINANCIAL TIMES REPORTER

THE FOUR craft unions at BL's car body plant at Cowley, Oxford, say the Transport and General Workers Union has torpedoed chances of any pay rise this year.

They make the accusation in a leaflet distributed after the disbanding of a committee selected to decide how jobs *should be slotted into a new* wage structure.

Mr. Roy Fraser, the Cowley convener who leads BL's skilled workers, says that all the pay reforms under negotiation and the pay review due in November depend on the unions' acceptance of a new wage structure.

They say the factory committee was disbanded by the plant director, Mr. John Jackson, because of the transport union's "obstructive attitude."

The factory was among the earlier qualifiers for factory payments, but no progress has been made on slotting jobs into the new pay grades.

The manual unions have accepted a five-grade structure in the BL Cars joint negotiating committee, and BL says it intends to honour and apply it —*but TGWU leaders in Oxford* are campaigning for a four-grade system.

TGWU members will be lobbying union members of the joint negotiating committee in Coventry today in the hope of winning their support.

Mr. David Buckle, Oxford district secretary of the TGWU, has dismissed the craft unions' accusation as a gross exaggeration.

Members felt a four-grade structure would be better for production workers.

He said he was content with the way the area's campaign was going.

● Ray Perman adds: Mr. Alex Fletcher, the Scottish Industry Minister, is writing to Mr. Michael Edwardes, BL chairman, to ask what the company's *investment plans are for the* Bathgate truck and tractor plant West Lothian.

The board of BL Vehicles cut £32m from the forward investment programme for Bathgate last year following a seven-week strike by machinists.

But Mr. Fletcher was told yesterday by shop stewards that industrial relations since then had been good and that productivity improvements justified looking at the investment programme again.

Hope of train settlement

INDUSTRIAL ACTION by train drivers which threatened iron and steel making at the British Steel Corporation's Ravenscraig works at Motherwell may be lifted today.

Members of the Associated Society of Locomotive Engineers and Firemen (ASLEF) have been blacking ore shipments to Ravenscraig because of a dispute over British Rail's proposal to relocate three jobs.

New proposals were accepted by drivers at Polmadie yesterday and those at Motherwell—the other depot affected — meet today.

Damages for house defects

THE OWNERS of two neighbouring houses in Romford, Essex, were yesterday each awarded more than £40,000 agreed damages for foundation defects in their homes.

Mr. Neville and Mrs. Fabienne Woodley-Jones, of 1 Cromwell's Mere, Havering Road, Romford, received £45,000. Their neighbour, Ms. Juliet Frances Broster, of 2 Cromwell's Mere, received £43,000. Mr. Justice Kitner-Brown approved the awards.

The claims, heard in the High Court, were against Globe Construction, of Globe House, Braintree Road, Felsted, Essex, which built the homes in 1974, and the London Borough of Havering, which gave planning permission.

Mr. Roy Roebuck, counsel for all plaintiffs, said the houses had unsatisfactory foundations. The building company was buying *them back. Damages had* been assessed on what the houses would have fetched on the open market if they had been in good condition. A sum was also allowed in the agreed award for damage to furniture and inconvenience.

Mr. and Mrs. Woodley-Jones had been awarded a higher figure because their house was at the end of a terrace and would be worth more, said Mr. Roebuck. He added that "accord had been reached between the defendants."

Third party proceedings are being brought against the architect, Mr. Geoffrey Stevenson.

Brewers 'worried' by young drinkers

BY PAUL TAYLOR

THE DRINKS industry is "deeply concerned" about the growing problem of alcohol abuse among young people, Sir Derrick Holden-Brown, chairman of the Brewers' Society, said yesterday.

However, Sir Derrick, speaking at the Cities of London and Westminster and Borough of Chelsea Licensed Victuallers Association charity luncheon in Guildhall, London, said the problem should be solved by further education and research rather than by advertising restrictions and enforced higher prices.

About 2 per cent of the 30m people who drink regularly are victims of excessive drinking. Even at this level, "every possible step must be taken to curb this abuse."

The industry was particularly worried about the growing incidence of alcohol abuse among young people and had taken stringent measures to curb the purchase of drink by the under-aged on licensed premises.

Major educational programmes had been introduced into secondary schools by the Brewers' Society to help to combat the problem. Sir Derrick rejected the twin calls for higher alcohol prices and further restrictions on advertising as a means to solve it.

Following a call from the British Medical Association last week for tighter restrictions on drink and tobacco advertising, he said there was "no evidence whatsoever" of any causal relationship between the promotion of drink products and the incidence of alcohol abuse.

Alderney marina opposed

BY OUR OWN CORRESPONDENT

A CAMPAIGN is being mounted in Alderney against a plan for a 400-berth marina and five-storey hotel in Braye Bay, close to one of the island's largest and finest beaches.

Henry Boot Construction, of High Wycombe, and Channel Islands Granite of Halifax have submitted plans for the marina, which would form part of a £4.6m scheme to include a 200 bed hotel, to the States of Alderney for debate tomorrow.

The Alderney Watchdog Committee has objected that the proposed marina would double the island's 1,800 population, cause pollution and place an increased strain on all the island's services.

The watchdog committee said the states' transport and harbour committee voted to support the marina plan when one of is members, opposed to the scheme, was off the island.

Aims award for Laing chairman

SIR MAURICE LAING, chairman of building and civil engineering company, John Laing, was yesterday presented with the National Free Enterprise award by Aims, the free enterprise organisation.

He also received the symbol of the Campaign Against Building Industry Nationalisation, of which he is chairman.

Mr. John Lyle, chairman of *Aims, said Sir Maurice had led* a battle which put the Labour Goverment in retreat on the nationalisation issue. "It also changed the attitudes of the public, and of workers and trade unions in his industry," Mr. Lyle said.

Special awards were presented by Aims to: Mr. Leslie Chapman, author of Your Disobedient Servant; Professor Max Beloff, principal of the University College at Buckingham and Mr. T. E. (Peter) Utley, leader writer of the Daily Telegraph.

Name change for Babcock power division

BABCOCK AND WILCOX (Operations), the heavy power plant division of Babcock and Wilcox, has changed its name to Babcock Power.

Mr. Ron Campbell, managing director, said the new name was a better indication of the division's business. No structural changes were planned.

The power plant company was resructured last year, when all Babcock's power plant and heavy engineering businesses were merged. Its turnover fell during the year to £89.4m, compared with £102.3m in 1977. Profits were down to £1.2m from £3.4m.

Together with other power plant companies, Babcock has suffered from a lack of domestic power station orders. But the company says prospects have improved. While the domestic ordering programme is likely to remain depressed, the company expects to export more than 50 per cent of its production this year, against 38 per cent in 1978.

Child cruelty 'rips veneer of our society'

BRITAIN IS so violent that people are becoming "shock-proof" to child cruelty, the former director of the National Society for the Prevention of Cruelty to Children warned yesterday.

The Rev. Arthur Morton, who retired in March, said his final annual report contained "shocking accounts of appalling cruelty to defenceless children; a record of 12 months' neglect and deprivation on a scale that rips away the tissue veneer of our so-called civilised society."

The full horror might never be known for the NSPCC could only speak about cases brought to its notice.

The NSPCC was convinced that many other children were suffering as a result of assaults by their parents.

Grundig and Philips bid for European video tape market

BY MAX WILKINSON

THE BATTLE for supermacy in the European video tape recorder market took a new turn this weekend with the announcement that Grundig and Philips are co-operating on a new machine intended to challenge Japanese imports.

The new machine, the Video 2000, is controlled by a micro-computer and offers up to eight hours' play from one tape cassette. It uses the first video tape cassette which can be played on both sides like an audio cassette. This will enable it to be much more economical in the use of tape compared with the rival machines developed by Sony and Matsushita in Japan. The cost of a tape is expected to be around £2.20 for an hour's playing.

The machine offers a wide range of facilities including the ability to be preset to record television programmes off the air up to 16 days in advance. It can also be used to record programmes while the TV set is being used to watch another channel.

It is expected to be on sale early next year at a price which will probably start slightly higher than that of its Japanese rivals. They now retail at £600 to £700 in the UK.

Philips and Grundig, the only European manufacturers of video recorders for the domestic market, are clearly hoping that the machine will enable them to recover some of the market share which has been lost to the Japanese in the last year.

The market leader at present is the Video Home System (VHS) developed by Matsushita, which has been offered for rental in the UK by Thorn and Granada. It is followed by the Betamax format developed by Sony. Both have been outselling N1700 from Philips which suffers the disadvantages of being the first consumer-oriented machine on the market.

It is bulkier than its rivals and considerably more expensive in its use of tape.

The Video 2000 uses a different type of tape cassette from that of the N1700, and both are different from either Japanese offerings. Grundig's current machine developed from the N1700, also has a different tape format.

Consumers will thus be faced with five incompatible systems. None of these different types of machine can play tapes designed for any of their rivals.

Most analysts of the market agree that such a large variety cannot survive. Even when the earlier machines of Philips and Grundig are phased out of production, three incompatible systems will be left, all of which will be competing to become a world standard.

CONTRACTS

Dubai cold stores cost £7m

Three cold store complexes with more than 2.7m cu ft of refrigerated capacity are being built in the United Arab Emirates by the **O'GORMAN GROUP** for the Bhatia Engineering Corporation, Dubai. They will cost more than £7m. Each complex has a capacity of 910,800 cu ft and comprises 40 variable temperature stores capable of refrigeration down to −30 deg C in a maximum ambient of 45 deg C.

★

Contracts worth £2.2m have been placed by the National Coal Board with 10 UK companies for the supply of mild steel sections from stockists for the period July 1, 1979, to June 30, 1980.

★

A contract worth almost £1m has been placed with **MORCEAU FIRE PROTECTORS** for more than 60,000 sq metres of Marine Mandolite for structural fire protection on Mobil's concrete Statfjord B platform.

★

Thames Television has placed a contract with **LINK ELECTRONICS**, Andover, to construct a production *colour outside* broadcast vehicle for six-camera operation. The unit will carry video tape recorders and comprehensive sound and vision facilities. The 11-metre long vehicle will be built on a Seddon Pennine chassis modified with an additional front steering axle to increase load-bearing capability. On-the-road value of the vehicle will be about £900,000.

★

REISS ENGINEERING has received orders worth more than £120,000 for Ronningen-Petter filter assemblies from Wiggins Teape, Thames Board Mills and *Bowaters. The equipment will* be used for filtering size and screening high solids coating.

Hotel workers claim £65 minimum

FINANCIAL TIMES REPORTER

A CLAIM for a minimum wage of £65 a week for Britain's 690,000 hotel and catering workers has been submitted by the General and Municipal Workers' union on behalf of the workers' side of the Licensed Residential Establishment and Licensed Restaurant Wages Council.

The claim, which also calls for equal rates for part-time workers, as well as other minimum terms, goes before the wages council governing the industry. Mr. Fred Cooper, GMWU national officer and leader of the workers' side, said: "This time the council has a real opportunity to look after the lower paid. Profits in this industry are at an all-time high while wages are at an all-time low.

Mr. Cooper added: "It is disgraceful that, in such a profitable industry, workers receive some £9 less than they would get on social security. While this industry coins in the money, the state has to pay out family income supplements to the workers.

"Last year Sir John Wood, chairman of the Wages Council, warned the employers that they had to deal with the problem of low pay. Our claim holds them to that warning."

WIMBLEDON BY JOHN BARRETT

Cawley routs Wade in only 68 minutes

VIRGINIA WADE's dreams of winning her second Wimbledon title disappeared in 68 minutes yesterday when she was routed 6—4, 6—0 in the quarter finals of the women's singles by Evonne Cawley of Australia.

Mrs. Cawley, four times a finalist here but only once a winner, in 1971, produced her most graceful and fluent tennis to achieve her 26th win over Miss Wade in their 34 meetings. She was never behind and hardly ever looked back after capturing her opponent's serve in the opening game. Two impressive service games to love left her 3—1 up and at one stage some marvellous touch play brought her nine points in a row.

There were brief hopes for Miss Wade in the sixth game when she got within two points of a break but the danger was averted with a gorgeous Cawley cross-court forehand which dropped beyond Wade's outstretched racket.

Serving to save the set at 4—5 Miss Wade fought off two set points, the first with a deep service winner and the second with a full-stretch half volley which just cleared the tape. After seven deuces the game was salvagd but Mrs. Cawley overcame a slight stutter, losing the first two points of the next game, before she took the set after 41 minutes when Miss Wade netted a backhand.

The second set was a disaster for the British No. 1. She collected only 15 points in a 21-minute rout and afterwards said "I just couldn't get going. The court was much faster than I ever imagined it would be. Evonne played very well but she always plays well against me. She had a tremendous touch. I had none. If she plays like this she could go all the way."

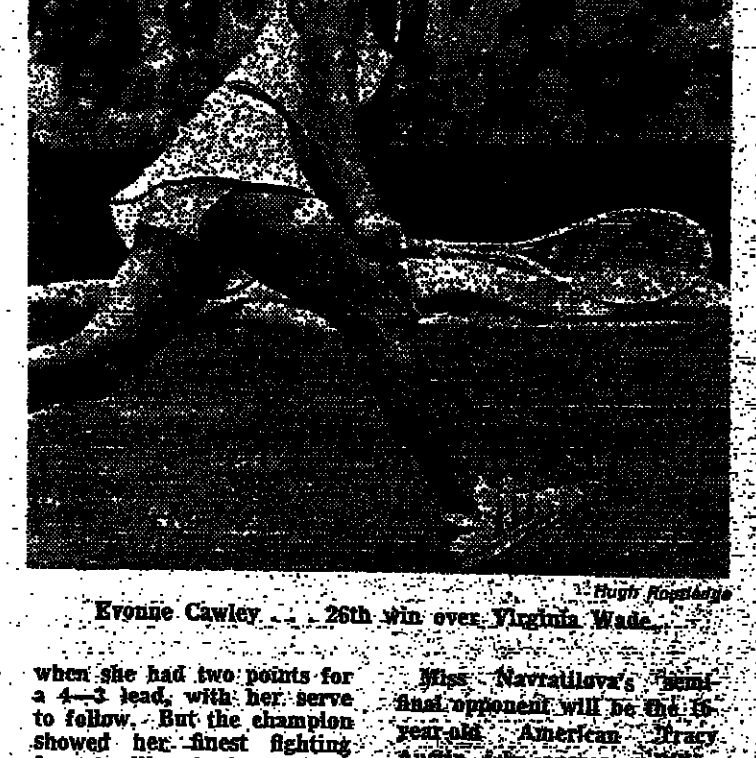
Mrs. Cawley, who now meets the number 2 seed Chris Evert-Lloyd, the 6—3, 6—4 winner over Wendy Turnbull, another Australian, said: "This was a more comfortable match than I expected because Virginia has been playing well, but I am in good touch and feeling confident."

For the third time in five matches the champion Martina Navratilova dropped a set and looked distinctly shaky early on before putting out Dianne Fromholtz 2—6, 6—3, 6—0.

After trailing 3—1 in the second set Miss Fromholtz battled back to 3—3. Her best chance came in the next game when she had two points for a 4—3 lead, with her serve to follow. But the champion showed her finest fighting form, pulling back to deuce on probably the best shot of the match, a marvellous cross-court stop volley and winning the game with two crisply-struck volleys.

The reprieve encouraged her immensely and she swept through the next eight games irresistably.

Miss Navratilova's semi-final opponent will be the 16-year-old American Tracy Austin, who overcame Billie Jean King, 35, six times winner of the title, 6—4, 6—7, 6—2 in just over two hours. Miss Austin, who was not born when Mrs. King won the first of her Wimbledon championships in women's doubles in 1961, became the youngest semi-finalist this century.



Hugh Routledge

Evonne Cawley ... 26th win over Virginia Wade.

Petrol rationing ruled out as prices soar

BY IVOR OWEN

INDUSTRY, COMMERCE and private motorists must prepare themselves to see oil and petrol prices in Britain rise to world levels, Mr. David Howell, the Energy Minister, warned in the Commons yesterday.

Ignoring Opposition protests that the increase in petrol prices already imposed by some garages amounted to a "rip off," he refused to initiate any form of Government intervention and insisted that market forces must be left to bring demand and supply into balance.

Mr. Howell, who also underlined the Government's determination to ensure that a higher price is obtained for North Sea oil, again ruled out the immediate introduction of rationing or special allocations for key industries.

But, he promised that particular areas of shortage would be brought to the attention of suppliers.

While Labour MPs accused him of "complacency," the Minister argued that the Government's approach to the world energy crisis was more effective than any of the alternatives they had advocated.

He declared: "The users of oil and the consumers of petrol for the foreseeable future are going to have to find some ways of economising.

"There is no way in which we can declare certain groups immune from shortage and a new era of high cost energy which faces this nation, every worker and every consumer."

Replying to Dr. David Owen, Labour's shadow energy minister, Mr. Howell stated that further increases in the price of petroleum products must inevitably flow from the decision of the OPEC producers in Geneva last week to increase crude oil prices.

As for distribution, action taken by the Government should contribute to improved supply in the third quarter of the year, although he recognised that particular difficulties remained in some areas especially, although not exclusively, for farmers and rural communities.

The UK Petroleum Industry Association has undertaken to handle the "requirements of customers with problems in times of crisis," as flexibly and simply as supply constraints allow, particularly where the harvest and the weather impose sharp seasonal increases in agricultural fuel needs."

THERE HAS been no "significant change" in the way South Africa gets oil supplies under the aegis of BP, Mr. Howell told the Commons.

The proposal made by BP concerning "swap" arrangements with Conoco involving North Sea oil, had been put to the Labour Government. Labour Ministers had not said "Yes" and had not said "No," and BP had been left without an answer.

"I think one should be very careful about exaggerating any alleged changes that have taken place, because this could do immense and lasting damage to Britain's national and business interests in Africa and throughout the world."

Dr. Owen protested that some garages were already reported to be charging £1.40 and £1.48 a gallon for petrol even though the supplies affected by the increase imposed by the OPEC countries in Geneva would not be reaching Britain for four or five weeks.

"How can you justify such large increases?" he demanded amid Labour cheers. The powers available to the Government under the Price Commission Act should be used to prevent profiteering.

Dr. Owen contrasted the Minister's refusal to consider the introduction of an allocation system with the demand made last week by Mr. Edward du Cann, chairman of the Conservative backbench 1922 Committee, that the Government should declare a state of emergency to safeguard fuel supplies for agriculture.

Mr. Howell replied that oil prices had been rising very rapidly over recent months—30 per cent since the beginning of the year—if not officially, through decisions by OPEC because of the premiums charged by individual members of that organisation.

The agreement reached in Geneva merely consolidated many of these increases.

He claimed that the pricing policies pursued by the Labour Government had created shortages of oil which the present Government had helped to ease by the changes made during its first weeks of office.

These shortages would be recreated if the powers available under the Price Commission Act were to be used.

But where there was evidence of local monopoly abuse or profiteering, this should be referred to the Department of Trade.

"It is my clear policy—and I believe it is the right policy—to allow the market price to find world levels, and that will ensure that supply and demand remain and that the British consumer will get a fair deal."

Ministers set on benefits taxation

By Richard Evans, Lobby Editor

MINISTERS are still considering taxation of unemployment benefit and legislation to ensure that trade unions carry more of the cost of strikes.

There had been speculation that these issues were too sensitive to pursue, but some Ministers, including Mrs. Thatcher, remain convinced they are necessary reforms. *Legislation may be introduced* after the summer recess.

Timing depends on the outcome of a Cabinet argument over whether trade union-related legislation should be introduced during the winter when conflicts between the Government and the unions over pay seem likely.

Mr. James Prior, Employment Secretary is thought to be in favour of delay until the worst of the next pay round is over. But Mrs. Thatcher and other Ministers want legislation introduced before Christmas to ensure it reached the statute book during the first session.

Both the taxation of unemployment benefit and tighter legislation on strikers' benefit were part of the Conservative's manifesto proposals, and the unions have been warned to increase their reserves if they wish to finance strikes.

A scheme being considered in Whitehall would involve switching the payment of sickness benefit from the Department of Social Security to employers.

At present, an employee can draw sickness benefits after three days off work for up to 28 weeks.

Joseph threatens to end Post Office monopoly

BY PHILIP RAWSTORNE

SIR KEITH JOSEPH, Secretary for Industry, yesterday threatened to break the Post Office monopoly for the delivery of letters if unions did not co-operate in improving the service.

In a Commons statement, Sir Keith said he had called for reports in the next six months on the practicability and implications of possible modifications of the monopoly.

The move was immediately condemned by Mr. John Silkin, Labour's industry spokesman, as "ungracious and mean-spirited."

Post Office morale would not be helped by such "ill-considered threats," he declared.

But Sir Keith was warmly supported by many Tory backbenchers—Mr. Jock Bruce-Gardyne (Knutsford) said that public sector monopolies tended "to operate primarily for the benefit of those who work in them."

Sir Keith told MPs that the Post Office had a backlog of some 40m letters last week.

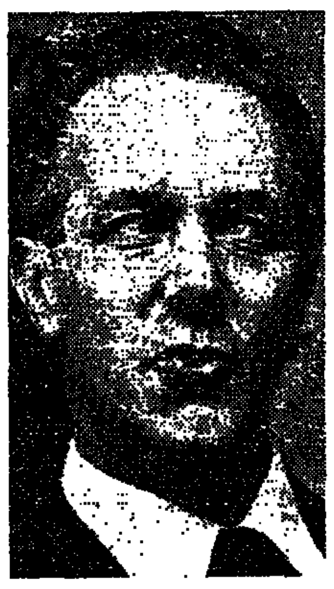
Extensive work to reduce the backlog over the weekend had brought improvements but problems still remained, especially in London and the South-East.

Sir Keith said that special circumstances — industrial action, bad weather, staff shortages and letter bombs—had contributed to the difficulties.

But he added: "These problems have only confirmed that much needs to be done to improve the efficiency and productivity of the postal service.

"I have made this clear to the chairman of the Post Office—for whom I have great respect."

Sir Keith said he had been particularly disappointed that the Post Office's offer of better



Sir Keith Joseph

pay for reduced costs, higher productivity and better services had been rejected by the workforce.

"If co-operation to improve services is not manifest it will be necessary to review the Post Office's monopoly for the carriage of letters," he asserted.

Attacking the move, Mr. Silkin said that postal workers had shown they were willing to work appalling hours to ensure that the public got its mail.

When a previous Tory Government had allowed private mail operators in 1971, the services they provided had been strongly criticised, he said.

Sir Keith retorted that he had a duty to protect the public.

Many postmen resented their long working hours.

"I understand it would be possible, in co-operation with management, to serve the public better, at less cost and without such long hours by improving productivity."

Mr. Charles Morris (Lab., Openshaw), a former member of the executive of the Post Office Workers' union, pointed out that there were 10,000 vacancies for postmen.

Low basic pay, long anti-social hours and a six-day week were major causes of the problems, he suggested.

Sir Keith repeated that many of the difficulties could be solved by negotiations to secure higher productivity.

Mr. Allan Roberts (Lab., Bootle) said that morale of postmen was being sapped by the kind of statement made by Sir Keith.

Many trade unionists felt that a wages confrontation was being encouraged by the Government to justify its policy of breaking the Post Office monopoly.

Sir Keith curtly rejected the idea. A Post Office pay offer had been turned down in spite of a recommendation from union leaders to accept it.

Proposals to use casual labour to help clear the backlog of mail had also been refused, he said.

Monopoly had its responsibilities and obligations as well as its privileges, Sir Keith declared.

Mr. John Page (C. Harrow West) said that Sir Keith's statement was "sensible and welcome."

And Mr. Ivan Lawrence (C., Burton), describing the recent crisis as the "last straw" after years of organisational chaos, said there would be "tremendous practical support for a full review of the Post Office monopoly."

Speaker offers apology to Rooker

THE SPEAKER, Mr. George Thomas, yesterday apologised to Mr. Jeff Rooker (Lab., Perry Bar) the Opposition social services spokesman, for remarks he made on Friday concerning the conduct of a vote in the Commons on Thursday night.

He accepted that by holding up a notice advising his Labour colleagues to stay on the premises to take part in later votes, Mr. Rooker had in no way exceeded long established custom.

"I offer my apologies to Mr. Rooker in this matter," said Mr. Thomas.

The Speaker added that the Deputy Sergeant-at-Arms, who reported on the incident "had not seen the smaller writing on the notice, but merely the words "stay here."

"Every Speaker must be prepared to accept responsibility for statements made by him from the chair, and I offer my apologies to Mr. Rooker for my statement in this matter, said Mr. Thomas.

Thursday's division was one of a series on a Private Bill giving extra powers to the West Midlands County Council.

Coal stocks low

COAL STOCKS are significantly lower this year than at the same time last year.

Mr. John Moore, junior Energy Minister, told the Commons yesterday that total stocks at the pit head and at power stations stood at 27.4m tonnes in June compared with 31.5m tonnes in the same month last year.

Insider dealing promise

By Our Parliamentary Staff

INSIDER DEALING will be dealt with in the next Companies Bill, Mr. Reginald Eyre, Trade Under-Secretary, told the Commons yesterday.

"I accept the need for legislation of this kind provided that satisfactory answers can be found to the difficult problems of definition."

Mr. Eyre said that the difficulty was not the principle of dealing with the problem, but of finding a precise definition of what constituted inside information.

Vietnam complaint

THE Government was urged yesterday to cancel £4.5m aid towards the building of three cargo ships for Vietnam. Mr. Michael Grylls (C Surrey NW), added: "It is not suitable for British taxpayers' money to be used as a gift for a Government which is behaving worse than Hitler did."

Radio help line

FISHERMEN were urged in the Commons yesterday to make more use of the special open line radio channel set up in April to help boats in trouble. Trade Under-Secretary Norman Tebbit said that the open line, which enables vessels outside VHF range to keep in touch with the shore through the night, could save more lives. He hoped more fishermen would use it this winter.

Parole review

THE GOVERNMENT is to publish an assessment of the working of the parole system after its first 10 years, peers were told yesterday.

National Liberation Army is banned

THE IRISH group believed responsible for the murder of Mr. Airey Neave at the House of Commons is to be banned throughout the United Kingdom, Northern Ireland Secretary Mr. Humphrey Atkins announced yesterday.

Membership of the Irish National Liberation Army will become a criminal offence.

Mr. Atkins told the Commons he had already made an Order banning the organisation in Northern Ireland. The Home Secretary would bring forward legislation to extend the ban to the rest of Britain.

Mr. Atkins made his announcement during discussion of the continuation of direct rule in Northern Ireland, and of the special powers the Government exercises there.

He also disclosed that the Government was preparing to implement virtually all the proposals of the Bennett Report on RUC interrogation procedures.

Mr. Atkins warned MPs that statistics on security in the Province were not encouraging.

"All the information I have been receiving about the operation of the terrorists is disquieting," he said.

During the past two years, the IRA had been "regrouping, retraining, re-equipping themselves and rethinking their future tactics."

The Northern Ireland Secretary admitted that direct rule from Westminster—which is opposed by Northern Ireland MPs of all parties—was only a "stop-gap."

But he replied to repeated calls for a political initiative in the province: "The initiative is already under way. The moves do not have to be eye-catching or dramatic." Talks with local politicians had already begun and would continue.

"My role is not that of a conjuror who can produce rabbits out of a hat. Solutions will only be found by and with the people of Northern Ireland themselves."

He also defended the Government's economic record in Ulster. Replying in particular to former Northern Ireland Secretary Roy Mason's attack on the ending of the selective employment premium, he said the scheme had offered very little incentive to employers.

And he stressed that law and order spending was not affected by the Budget's £35m spending cuts for Ulster.

Mr. Atkins also implicitly rejected calls for the recall of troops from the province. "The defeat of organised terrorism calls for the strength, skills, and weaponry that only the Army can deploy," he said.

Mr. Atkins promised to give special attention to the areas on both sides of the border with the Republic. Improved co-ordination and co-operation between security forces in the Republic and Northern Ireland was essential.

It was crucial that the Government continued to provide resources for policing and the fight against terrorism. He had in mind the immediate advancement of the final stages of the police pay award.

Information obtained from intelligence was one of the main keys in penetrating terrorist organisations and activity. He was ready to sanction additional resources for such work.

Mr. Atkins stressed: "I do not in any way accept the sweeping allegations made in some quarters about the RUC's conduct of interrogations. "The successful interrogation of suspects is a vital weapon for the armoury of the security forces and I will not see it needlessly blunted."

The security situation in Ulster did not justify scrapping any of the provisions in the Government's emergency powers for the province, Mr. Atkins said.

West leaves Unionist leadership

BY OUR BELFAST CORRESPONDENT

Mr. Harry West

MR. HARRY WEST yesterday resigned from the leadership of the Official Unionist Party, after weeks of speculation about his future brought about by his personal showing in the European elections.

The 62-year-old Co. Fermanagh farmer (left) is handing over to Mr. James Molyneaux, leader of the Unionist MPs in the Commons, until a new party leader can be elected in the autumn.

His desire to stand down after five years at the helm was communicated to the party in a letter more than a week ago.

It followed evidence of waning support for the Official Unionists who lost two seats to the Rev. Ian Paisley's Democratic Unionist Party in the general election.

The Official Unionist Party now has several weeks to decide where it can challenge Mr. Paisley's increasing popularity.

The party's 1,000-strong council will meet in September to elect a successor to Mr. West, who became leader in 1974 after the departure of the late Lord Faulkner, then Brian Faulkner.

Mr. Molyneaux and the Rev. Martin Smyth, head of the Orange Order, appear at present to be the only contenders for the leadership.

Mr. West has always protested that he accepted his position only out of a sense of duty at a time when talent was scarce.

It has become increasingly evident that he wanted to step down although the party executive asked him a week ago to reconsider.

He faced a rebellion from some party members after his defeat in last month's European elections when he polled fewer votes than his younger colleague, Mr. John Taylor.

Mr. West was an Agriculture Minister in the now defunct Stormont Government and held the marginal Fermanagh-South Tyrone seat at Westminster briefly between the two 1974 general elections. He was a member of the former Northern Ireland Assembly and later of the Constitutional Convention.

THE JOBS COLUMN

Recruiters' ideas on what makes a manager

BY MICHAEL DIXON

WHAT do recruitment consultants look for when interviewing candidates for some particular kind of managerial job in a client-company?

Any reader murmuring answers such as "servile geniuses" or "the echo of their own prejudices," should be ashamed of being so cynical. It would surely be no more than reasonable, however, to suppose that different consultants have widely differing views about the type and relative importance of the attributes needed for success in a given managerial post.

No doubt numerous head-hunting concerns suspect that they suffer from such inconsistency. Certainly Boyden International did, and it lately decided to stop just worrying and to test the criteria used by its five dozen consultants in 29 offices in the United States, Britain and various other countries.

To carry out the test, Boyden engaged the Rohrer, Hibler, Replogle Institute of New York. In the first stage of the research, which started in April, the consultants were faced with 25 skills or other elements of managerial behaviour variously grouped into five main attributes. These were (to translate from the peculiar language of psycho-sociologese which is apparently the native tongue of institutes such as RHR): the abilities to communicate, to administer, to solve problems, and to influence other people, plus the quality of the manager's own "motivation."

Boyden's head-hunters were asked to consider each of these five, and then rank the different constituent skills or other elements in order of their importance to the attribute as a whole. Then they were asked to rank each of the five attributes according to their importance in seven kinds of managerial work.

The results of this two-step exercise — differentiating between the consultants working in the U.S. and those elsewhere—have just emerged from the institute. And thanks to Lord Birdwood of Boyden's London office, the Jobs Column can now disclose what he and his colleagues mainly look for when they are interviewing candidates for a job.

Listening

When it came to judging the most important elements of a manager's ability to communicate, there was general agreement between the U.S.-based contingent and the group drawn from other countries. First was the skill of listening; second that of engaging in a dialogue—as distinct from indulging in a monologue—when talking with another person or in a small group; third was the skill of speaking one's ideas with poise, relevance, persuasiveness and clarity; last was the craft of writing effectively.

There was general agreement, too, on the ranking of the three constituents of administrative ability. The most important was planning and organising in advance of events. Next came delegation, and then the skill of following-up so as to check that instructions have been understood and executed.

The problem-solving attribute was subject to disagreement between the two contingents about what was the most important of the five elements. Those in the States thought it was "judgment—reaches appropriate conclusions from available information," and gave second place to "problem analysis—grasps the source, nature and key dimensions of a problem." The Boyden consultants elsewhere ranked these two the other way round.

Both groups were agreed, however, on the order of the remaining three elements. It was: decisiveness in making a choice from various possibilities; being innovative in tackling problems; and applying abstract reasoning so as to formulate general principles from observed occurrences.

No dissent emerged over the relative importance of the four constituent parts of the ability to influence other people. In top place came "leadership" which the institute described as "directs the behaviour of others toward the achievement of common goals by *charisma*, insights or the assertion of will." Second was the skill of creating an impression of self-assurance and so commanding respect. Then came the demonstration of sensitivity to the needs and feelings of other folk. The fourth was "assertiveness—takes an aggressive, forceful approach."

The matter of a manager's personal motivation, which the researchers considered to have nine elements, brought the widest disparity between the two contingents of professional interviewers.

The Americans gave pride of place to the application of sustained and well-directed energy in the pursuit of managerial aims. But "drive" was placed only second by the multi-national group.

The U.S. choice for second was determination that a task should be carried out to consistently high standards, which the other contingent thought of fourth importance.

Both groups were agreed on the third-ranking element. It was famously expressed by Kipling: "If you can keep your head when all about you are losing theirs and blaming it on you." But the institute preferred the phrase: "functions in a controlled effective manner under stress."

Initiative, in the sense of readiness to be the first to start, came fourth in the States. Elsewhere it was viewed as the most important quality of all.

There was universal accord on the fifth and six places: perseverance, and adaptability.

Seventh by the American reckoning came the willingness to take risks, followed by the self-reliance associated with acting on one's own judgment in spite of opposing expectations among other people and similar counter-influences. But here again, the consultants in other countries chose vice versa.

An active attitude towards one's own career, signified by the positive planning of personal advancement was placed last by both contingents.

Seven jobs

They then ranked the five main attributes in their order of importance to the seven different kinds of management post. These were the results:

Top general manager:— U.S. group: problem-solving, personal motivation, influencing people, communication, administration; Others: communication, problem-solving, motivation, influencing people, administration.

Finance manager:— Both groups: problem-solving, admin, communication, motivation, influencing.

Marketing:— Both groups: communication, motivation, problem-solving, influencing, admin.

Sales—U.S. group: motivation, communication, influencing, problem-solving, admin; others: communication, motivation, influencing, problem-solving, admin.

Engineering and research—U.S. group: problem-solving, motivation, communication, admin., influencing; other group: problem-solving, motivation, communication, influencing, admin.

Manufacturing—Both groups: problem-solving, communication, influencing, admin., motivation.

Personnel and other staff work—Both groups: communication, influencing, admin., problem-solving, motivation.

So the outcome of Boyden's test, so far anyway, seems to refute the notion that different recruiters see the same kinds of job in widely differing ways. In the circumstances, the internationally scattered consultants showed a remarkable degree of consistency.

This is no guarantee that the 60 staff are right in their choice of criteria, of course. But if they aren't, they are at least all wrong in much the same way. And, in either case, the results could be of use to any readers who find themselves being considered for a job by Boyden International.

هكذامن الأصل

£6,000 accountancy appointments £9,000

Auditors-To £8,000+Car
Ultimate responsibility can be yours.

That's because our client, one of the country's leading grocery retail chains, are also into superstores and large scale multi-purpose stores.

Their aggressive acquisition and expansion policy now requires them to augment their Auditing Division which will have to make a major contribution to the policy, through maintenance and improvement of business controls and operations.

You'll probably have full accountancy membership, with several years auditing experience gained in commerce or private practice, or be a business analyst with a couple of years computerised systems experience.

Besides the realistic salary which is negotiable, depending on experience, benefits include a company car, as you'll need to travel fairly regularly visiting head offices and outlets of the diverse trading divisions. In doing so you'll have to deal with people at all levels, so adaptable communications skills are essential.

You'll initially be based in the City, but the Department is moving to Edgware, Middlesex later in the year.

If you have the all round ability necessary to handle ultimate responsibility, arrange an immediate interview, telephone ROGER ALLNUTT on 01-348 0192 (evenings) or 629 8730 (office hours), Quoting ref. 69. Please DO NOT write with career details, as postal deliveries are unreliable.

Rutter-Allnutt
(Management Services)
66 New Bond St. London W.1

---

bring your accounting qualifications and skills to the Cotswolds

We are looking for a recently qualified Accountant to join our Internal Audit Department.

The Job

Based at Cheltenham, but travelling to the Group's offices throughout the U.K., you will gain an insight into the systems and procedures of the Group and its organisation and, at the same time, gain experience which will prove particularly valuable in your career development.

The Benefits

- You will be living in the Cotswolds.
- A salary within the range £6876 - £8226 p.a. plus full business expenses whilst travelling away from Cheltenham.
- Excellent promotion opportunities.
- Generous house purchase loan scheme after a qualifying period.
- Non contributory pension scheme and permanent health insurance scheme.
- Discounts on personal insurances.
- Relocation assistance where appropriate.

Interested?

If you are a Chartered Accountant in your 20's, having recently qualified with one of the major accountancy practices and looking for a position with responsibilities, then write with full curriculum vitae to: Group Personnel Manager, *Eagle Star House, Bath Road, Cheltenham, Glos. GL53 7LQ.*

Eagle Star Insurance Group

Young Qualified Accountant

Beds/Herts Borders — to £8000

Our client is already the market leader in one of the most exciting sectors of the service industry, operating extensively in the U.K., Europe and the Middle East.

Plans are in hand to expand its operations and a young Qualified Accountant is now needed to be responsible to the Company Secretary for the accounting and management reporting functions. Extensive systems development is required to handle the increased work-load and consideration is being given to installing a computer later this year.

This is an ideal opportunity to develop commercial experience and business awareness and as the company is part of a large public group, career prospects for someone with potential and ability are considerable.

Applicants should apply for a Personal History Form, quoting Ref. No. AC239/FT to:

W. S. Gilliland,
Thornton Baker Personnel Services Limited,
Fairfax House, Fulwood Place, London WC1V 6DW.
Telephone: 01-405 8422.
A member of the Management Consultants Association

Personnel and Industrial Relations Consultants

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These challenging positions call for a high degree of initiative and creativity and include responsibility for the implementation and execution of audit and special ad-hoc projects. The analysis of operational and financial systems and the highlighting of problem areas, and recommending of remedial action to senior management throughout Europe, Africa, the Middle East and Asia are important aspects of the job.

Ideally applicants should be qualified accountants (possibly graduates) aged 23 to 27 who have gained some post-qualification experience within a large professional or commercial environment, have had exposure to EDP systems and be capable of motivating others. Proficiency in a second European language would be an advantage. Although based in the U.K. there will be extensive travel throughout the division.

With a progressive approach to staff development, the company can offer excellent promotion prospects into operations or line accounting functions. A superb benefits package is offered and rented housing may be available in the area.

For further details telephone immediately quoting Ref: 3231/2.

allan cameron associates ltd
International Management Recruitment Consultants
Manfield House, 376-379 Strand, London WC2R 0LR — 01-836 4214

INVESTMENT ACCOUNTING
ASSISTANT TO CHIEF ACCOUNTANT

Up to £7,500 + attractive fringe benefits

CITY

Our client is a leading City investment management group controlling assets of approximately £300 million.

An Assistant to the Chief Accountant is required who will join a small team of accountants in preparing and presenting financial and statistical information for the group.

Responsibilities will cover the preparation of published accounts and the taxation affairs of investment trusts, investment dealing companies and exempt unit funds.

The successful candidate will be a qualified accountant. In addition to salary of up to £7,500, attractive fringe benefits include non-contributory pension and house mortgage schemes.

Please send a comprehensive career résumé, including salary history, to W. L. Tait, quoting ref. 984/FT.

Touche Ross & Co. Management Consultants
4 London Wall Buildings, London, EC2M 5UJ.
Tel: 01-588 6644.

CHIEF ACCOUNTANT

MILTON KEYNES — c. £7,000

We are an expanding subsidiary of a German company distributing spares for the motor industry and trade. Following a programme of planned growth we require an accountant experienced in commerce.

Candidates are responsible for the monthly management and financial accounts and budgets and are also flexible enough to handle local administration.

Experience of computers, import, and some knowledge of German language would be helpful.

This is a challenging position for an ambitious person, ideally about 30, who enjoys a versatile job.

Please write with curriculum vitae to:

M. Hempel, M.D.
JURID U.K. LIMITED
47 Barton Road
Water Eaton Industrial Estate
Milton Keynes MK2 3BD
Tel: 0908-74652

GROUP FINANCIAL ACCOUNTANT

c.£7,500 + Car + benefits — WORCESTER PARK, SURREY

Our client is a very profitable, largely autonomous, £20 million turnover manufacturing group, part of a major international corporation. The position arises through the promotion of the present incumbent to Finance Director of a major subsidiary.

Situated in a new head office he/she will be a member of a small team of group executives. The position will entail the preparation and interpretation of financial statements, profit planning, cash forecasting, group consolidations and the development of financial reporting systems. This is a particularly challenging appointment in an expanding group with resultant career advancement opportunities.

Applications are invited from qualified accountants with personality, presence and the willingness to become an integral part of the management team. Relevant experience in manufacturing would be particularly advantageous.

Applications in strict confidence to R. J. Welsh

Reginald Welsh & Partners Limited.
Accountancy & Executive Recruitment Consultants
123/4 Newgate Street, London EC1A 7AA Tel: 01-600 8387

FINANCIAL CONTROLLER

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An autonomous marketing/sales and R & D company, part of a multinational group, requires a qualified accountant capable of organising and producing management accounts, costings, controlling through his staff sales and purchase ledgers, debtors, foreign exchange transactions, quarter end and year end balance sheets and capital project evaluation. Age c. 30 preferred, to join a young team who clearly see growth opportunities using unique technologies orientated towards energy economy in the building market.

Telephone Mrs. A. Masters,
Schlegel (UK) Engineering Ltd.,
Henlow Industrial Estate,
Henlow Camp, Beds. SG16 6DS.
Hitchin 812812.

ACCOUNTANT
BERMUDA

Ref: 41457

Major Insurance Group requires a Chartered Accountant for their Bermuda office. Excellent conditions of service. Age group 25 to 35. Salary $19,500 per annum.

Please telephone in confidence:
Trevor M. James
I.P.S. GROUP
(Employment Consultants)
01-481 8111

APPOINTMENTS WANTED

CHARTERED ACCOUNTANT, (FCA), 30, multi-lingual, diversified experience, seeks short term assignment. Phone 01-368 7826.

£6,000-£9,000 ACCOUNTANCY APPOINTMENTS

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01-248 8000 Ext. 7177

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A policy of diversified acquisition has contributed significantly to the rapid growth of this communications Group (T/O £60m). The Group Deputy Chief Executive is now seeking an assistant to operate in this area of responsibility. Aged in your late 20's you should be a Chartered Accountant with some post qualifying experience either in the profession or in commerce. In addition to involvement in international acquisitions you will also closely monitor the *Group's competitors*. The scope of the post is wide and varied and offers a self-motivated individual the opportunity to further his/her career in finance or general management.

Telephone: 01-836 1707 (24 hr. service) quoting Ref: 0721/FT. Reed Executive Selection Limited, 55-56 St. Martin's Lane, London, WC2N 4EA.

The above vacancy is open to both male and female candidates.

London Birmingham Manchester Leeds

YOUNG QUALIFIED ACCOUNTANT

We are a medium-sized international construction company and require a young, qualified accountant with at least five years' experience in commerce. This exciting position will include the co-ordination of the group's international affairs, budgeting, forecasting, management and procedural controls and maintaining close links with the managing director.

This is a newly created position based on the continued expansion of the group's business internationally, and requires an energetic person with a keen enquiring mind who is willing to travel.

SALARY CIRCA £8,000

H. Cowan Esq.,
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The successful candidate will be under 30 years of age and a Chartered Accountant. This is a newly created post which would suit a recently qualified person seeking a move into commerce.

Benefits are a low-cost mortgage plan, non-contributory pension, BUPA, life assurance schemes and 4 weeks' annual holiday. Relocation expenses, where appropriate, will be paid.

Applicants should write, giving concise personal and career details, to:

Mr. Alan Smith, Personnel Manager
HFC Trust Limited, Cory House
The Ring, Bracknell, Berkshire
Tel: Bracknell (0344) 24727

HFC trust

APPOINTMENTS WANTED

SITUATION REQUIRED
Oxford to Birmingham area

Senior Executive (49) of leading City financial institution specialising in portfolio investments seeks responsible permanent position (Finance/Administration) outside London and preferably based in the above area.

Please apply to Box. A.6823, Financial Times, 10, Cannon Street, EC4P 4BY.

ACCOUNTANT
BAHAMAS

Sal. £20,000/£25,000
c. 30 years
Ref. 40013

Our clients, major International Brokers, require an Accountant for their Nassau Office. Must be qualified with R/I. E.D.P. experience. Flat and car provided.

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Sal. £10,000+
25-36 years
Ref. No: L1261

Our clients, International Brokers, have vacancies for Senior Accountants in various locations throughout Saudi Arabia. General accounts (now computerised), some book-keeping to Trial Balance. Single, not necessarily qualified. Preferably Insurance or Travel experience. Free accommodation. 27 days holidays with return air fare.

PLEASE TELEPHONE IN CONFIDENCE
Anthony J. Ovens M.E.C.I. Director
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£6,000 accountancy appointments, £9000

These advertisements appeared in the Financial Times on 26th June, 1979

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Group Management Accountant	£6,500	London based	Merican Curtis
Plant Accountant	£10,000 Tax Free	Saudi Arabia	Merican Curtis
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Cost Manager	£7,000	Luton	Britannia Airways
Director and Chief Accountant	*£9,000*+Car	Rural North Midlands	Bull Holmes Management Ltd.
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Merchant Bank—Accountant	£7,500	—	Phone Roy Stockton—01-839-1836/7
Senior Lectureship in Accountancy & Finance	£8,182-£10,097	Dundee	University of Dundee
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Project Accountant	£8,000	Watford	The Personnel People
Chief Accountant	£7,750+Car	Watford	Helmore Helmore & Co.
Accountants	£7,000	Channel Islands, Hong Kong	Insurance Personnel Selection Ltd.
Taxation Accountant	from £8,000+Car	London	Lockyer, Bradshaw & Wilson
Senior Accountants	—	Sierra Leone	Sierra Leone Electricity Corporation
Chief Accountant	—	Sierra Leone	Sierra Leone Electricity Corporation
Investment Accountant	£5,500+Mortgage Subsidy	Wembley	Cannon Assurance
Designate Director	—	—	Telephone 01-567-8526
Executive Appointments	—	—	Percy Coutts & Co.
Company Secretary/Financial Accountant	£8,000+Car	Basingstoke	Goodall Barnard & Clayton

For further information see the FT of that date or telephone 01-248 8000 Ext. 526 or 01-248 5597

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● HANDLING

Rising market hope

REFURBISHMENT of buildings has given hard-hit lift manufacturers a chance to regain some of the ground lost in the world-wide recession in the business. This recession has been aggravated by the swing away from high-rise to low-rise blocks and, so far as the UK is concerned by the fact that some 60 per cent of this country's requirements are supplied either direct from European sources or through manufacturing operations in the UK controlled from Europe.

One of the UK's foremost manufacturers of lifts, Hammond and Champness, is fighting back by taking advantage of the latest technological developments and by aiming its marketing strategy at the move away from high-rise buildings and at the increasing need for making the best of existing buildings.

The company specialises in oil/hydraulic lifts and reckons it is the market leader in this type with a range covering direct-acting, side-acting, cantilevered and suspended applications together with small packaged units for old people's homes and twin-ram applications for hospital bed lifts.

The oil/hydraulic principle, it is claimed, can cover all requirements in low- to medium-rise buildings designed as offices, high-quality flats and hotels. A special range of lifts is also being produced for use in areas where vandalism is a problem.

So far as research and development is concerned the company considers itself among the leaders in the lift field. One of its most useful facilities is located at the parent company's works at Memphis, Tennessee, where a lift test tower 11 floors high is available. It can be used for testing up to four lifts at a time—from a simple type for low-rise buildings to the most sophisticated lift travelling at up to 1,000 ft per minute.

Hammond and Champness says that for the growing refurbishment business it has developed a unique capability for installing oil/hydraulic lifts in old buildings which have structures unsuitable for or are unable to bear the additional load which would be imposed by normal electric traction lifts. Lifts, often tailor-made, have already been installed in listed buildings without major structural alterations.

A fundamental part of the lift lift business is concerned with servicing and repairs and as Hammond and Champness does not have to depend on imported components and spares it claims to have advantages over many of its competitors. Servicing facilities are available from 17 branches spread around the UK.

The company expects to produce over 300 new lift units this year of which some 20 per cent will be for refurbished buildings. It has recently updated its "Lift Planners Handbook" and this can be obtained from its head office at 159-173 St. John Street, London EC1V 4JQ (01-253 9081).

● RESEARCH

Photos down a gas well

PHOTOGRAPHIC team from Harwell has succesfuly taken pictures nearly 8,000 feet down inside an operational gas well under the North Sea.

Object was to find an unknown obstruction for Conoco and the camera used was based on a unit from Underwater and Marine Equipment of Farnborough. Three-and-a-half inches in diameter, it has its own illumination in the form of an integral ring flash inside the mild steel housing, with twin glass windows to separate imaging and illuminating fields.

Testing was first carried out at Harwell in methane gas at 3,800 psi and 80 degree C.

Although it was built specifically for this purpose, the team thinks it might be useful in other applications where photography is needed in restricted-size tubes or in conditions of high pressure and temperature—possibly in the chemical engineering field.

Enquiries to Mr. C. R. Arnold, Photographic Group, Building 354/11, Harwell, Oxfordshire OX11 0AR (0235 24141).

● MATERIALS

Steel will hush the decibels

LAMINATED STEEL with noise transmission deadening properties up to 900 times better than that of conventional steel sheet, is available from a UK company, ex stock, in many grades.

Steelacoustic material can be cut, shaped, punched, deep-drawn, folded, welded, riveted and otherwise formed or joined in much the same way as ordinary sheet metals.

It has exceptional capacity to reduce both structure-borne and air-borne noise, and has application as raw material for panels, cabinets, guards, hoods, chutes—indeed any enclosure or structure for static or mobile equipment, where the generation of noise caused by impact or transmission must be minimised, or its containment is required.

Standard Steelacoustic is a sandwich of cold-rolled, electro-galvanised mild steel with a visco-elastic core. Standard overall thicknesses, available ex-stock, are 0.8 mm, 1.2 mm, 2.3 mm and 3.3 mm. Other thicknesses up to 6.5 mm are on 6-8 week delivery.

In addition, the material can be supplied symmetrical (both facings the same thickness) or asymmetrical. Different face metals can be combined to suit special needs, for example work hardening stainless steel on one side and mild steel on the other. It is normally supplied in sheets 1,000 x 2,000 mm or 1,250 x 2,500 mm, and priced by the square metre. The company will supply any quantity from a single sheet up.

Noise Control International is a young British company, and claims to be one of a very few specialising in all aspects of noise control, from investigation services through design and fabrication to installation in the soundproofing of plant and buildings. In addition to supplying the material, the company is able to advise on which particular grade of Steelacoustic to specify and, if required, on the design of structures for particular applications.

Mechanical properties of Steelacoustic, such as flexural rigidity and buckling strength, are generally comparable to those of two sheets of metal laid loosely one on the other: the tough but soft, "mobile" intermediate layer of thermoplastic is one of the vital elements in sound-deadening characteristics. But this does not add to the tensile or compressive strength of the panel.

Fatigue strength, however, is much higher than single or unbonded double sheets because the thermoplastic layer makes the material much less prone to fatigue failure. During tests a conventional solid sheet fractured after 17 hours, whilst a Steelacoustic panel of comparable thickness subjected to the same tests took 11 days before failure.

Selection of the grade and thickness of Steelacoustic as a structural substitute for conventional single sheets is readily made, according to a well-proved formula, and the company will advise on this aspect. Similarly, though most traditional forming and joining methods can be applied to the material, the company will provide guidance on the best techniques for particular applications.

Noise Control International, Hutech Services, 38, Market Place, Chippenham, Wilts. 0249 50421.

● PACKAGING

Labels are bound to stick on

NORPRINT is among the leaders of labelling systems in the UK for food, pharmaceutical, toiletry, cosmetic industries, etc.

It has just launched a fully-automatic, in-line or free-standing self adhesive labelling system produced at Horncastle Road, Boston, Lincs (0205 65161).

Two models are offered in the Lacerta range: the Twin and the Wrap-Round; both are designed automatically to label products with a combination of flat and curved surfaces, as well as items of regular shape. Labels can also be applied to products with projections, such as handles. Twin units can label both sides of a product simultaneously, and the wrap-round is suitable for applications needing labels either part or fully wrapped round the product. Printing facilities include batch-coding, date and price. Up to two lines can be printed.

The dry-print model, called Volantis, is a fully automatic self-adhesive label printer and applicator which can be incorporated into existing packaging/filling lines or supplied with a purpose-built conveyor.

Many different coloured foils are available and the system is expected to become popular in the food and pharmaceutical industries, says the company, where the print quality demands are very fastidious.

● ENERGY

Heating and cooling costs cut

WHEN SWEDISH research engineer Carl Munter designed his heat recovery wheel in 1959 he little knew that 20 years later it would have an important role in energy saving in such diverse applications as a Doncaster bus garage, a Poole, Dorset, swimming pool and a Middle East hospital project.

However, these are but a few of the locations in which this device, called the Econovent, is now to be found and Acoustics and Envirometrics which is marketing it is preparing for a fresh surge of interest in this means of saving energy when ventilating, heating or cooling buildings.

Rotating wheel heat recovery units have been used for very many years in industry, but when Munter found that if the materials from which they were constructed were changed so that they were in part hygroscopic then the water vapour in the exhaust air would be absorbed by the heat exchange material of the wheel matrix, thereby giving up its latent heat for recovery.

As a result, the original heat recovery wheel's efficiency at the turn of the century of 30-35 per cent when applied to ventilation air heat recovery systems has been raised to 75 per cent and, claims Acoustics and Envirometrics, as high as 93 per cent for short periods under ideal conditions.

Main component of the Econovent ventilation heat recovery unit is the rotating matrix. This is in the form of a wheel varying in diameter from under 600 mm to over 3.6 metres and 200-250 mm thick. It looks rather like the end of a large roll of corrugated cardboard, but the material is a fibrous type of asbestos paper. Flat and corrugated sheets of this material are cemented together alternately and rolled one upon the other to form a cylinder which then comprises a multitude of air passages between 1 and 1½ mm in diameter.

After construction the wheel is processed in a patented treatment to drive the crystal water from the asbestos and to replace it with a hardening desiccant salt, lithium chloride, to give the wheel a crisp biscuit-like texture.

The matrix wheel has a hard central core forming an axle which runs at either end in ball races which are housed in the chassis encompassing the wheel. Within the chassis, or adjacent to it in the case of small units, there is a small electric motor which drives the wheel's rotor at a maximum speed of ten rpm.

One of the more unusual applications for the Econovent, as hinted earlier, is at South Yorkshire Passenger Transport Executive's Doncaster bus garage for which ten units have been ordered at a cost of over £41,000. These units will be used to keep heat in and diesel fumes out and will be capable of handling 120,000 cubic feet of diesel fume contaminated air a minute from the garage's extract ventilation system and transferring the heat to incoming fresh air.

At the Dolphin swimming pool at Poole, Dorset, a heat recovery system based on four Econovents has been installed and it is expected that the project will pay for itself within 18 months of start-up.

Third of the latest orders for Econovents has come from Saudi Arabia. This is worth over £51,000 and calls for a number of units for installation in a building in Dammam for the Health Training Institute of Saudi Arabia.

Purpose of these units, due for delivery in August, is to recover "coolth" from the air conditioning installation and use it to reduce the energy needed to keep the building cool in the hot Saudi climate.

Acoustics and Envirometrics has its headquarters at Roxley Towers, Ruxley Lane, Claygate, Surrey KT10 0UF. (78 67281.)

Blocks cure themselves

SAVINGS OF about 45,000 gallons of fuel oil a year will result from the design of a new concrete block production unit by E. H. Bradley Building Products of Swindon.

Bradley's engineers designed the plant after visiting similar installations throughout Europe, but instead of following the normal practice of steam-curing the concrete blocks, the Bradley design conserves the heat naturally given off by chemical reaction when concrete cures, to produce equally high-strength solid concrete blocks at a rate of 175,000 a week. Elimination of the oil-fired steam process [illegible] gallons [illegible] week.

[illegible] new [illegible] static [illegible] of [illegible]

a 200-tonne-an-hour-capacity washing and screening plant has been constructed and there are new production facilities for Bradstone reconstructed stone roofing slates and paving. Each of these units is now fully operational.

In designing the static block plant, the engineers selected sections of other package-deal plants to give optimum results in terms of product quality and economics. Raw materials are handled by a Winget low-level batching and mixing plant capable of mixing 100 cubic yards an hour. This has been integrated with an MAS Bendorf blockmaking press which in turn is served by the Danish-made Harrup curing and stacking system modified by wracking and sheeting to provide self-curing in 24 hours.

E. H. Bradley on Swindon (0793) 28131.

[illegible]t solar unit

[illegible] blished [illegible] of solar heating equipment in the UK is introducing a new solar panel into the home market.

Commercial Solar Energy's Mark III panel, first produced six months ago for export, is the result of two years' work. It has one square metre of patented collector mounted in a weatherproof, extruded aluminium casing. This is insulated with both rigid polyurethane and glass fibre. The front cover is the Filon material from British Industrial Plastics.

Options available with the new panel are either double or single glazing and a quick-release front cover for cleaning and inspection.

This is a new design of panel which, suitable for many applications in Britain and abroad, is lighter, more durable, easier to instal and maintain and costs less than the current model which it is replacing.

K.B. Commercial Solar Energy, 1, Woodthorpe Road, Mapperley, Nottingham. (0602) 622847.

● INSTRUMENTS

Two meters launched

MULTIMETERS have been introduced by both Farnell and Keithley for bench-top use.

The Farnell instrument has six functions and a total of 22 ranges with a basic dc accuracy of 0.03 per cent. Known as the DM141 it can measure direct voltage from ten microvolts to 1,000 volts, dc and true rms alternating current from one microamp to two amps, and voltage from ten microvolts to 750 volts. Resistance and decibel ranges are included. This 4½ digit instrument has autoranging with manual over-ride. More from Sandbeck Way, Wetherby, Yorkshire, LS22 4HD (0937 63541).

The Keithley Instruments Model 169 has a 3½ digit liquid crystal display with 0.6 inch characters and offers five functions which are selected, together with the range, by colour coded buttons. Measurements of ac and dc voltage and current, and resistance, can be made over 26 ranges with upper limits of 1,000 volts dc, 200 mA and 20 megohms. More from 1 Boulton Road, Reading, Berks RG2 0NL (0734 861287).

Inexpensive telemetry

PHYSICAL QUANTITIES measured [illegible] at re[illegible] [illegible] can be interrogated individually if required.

The company is willing to supply the equipment in part or in total. The controlling [illegible] arrange the [illegible] already in use by the customer. In addition [illegible] be connected to a central [illegible] via a V24 interface [illegible] printer.

Normally the master station is set up by the operator via a keyboard to inspect the outstations sequentially and the printer programmed either to print the whole sequence or operate only if an alarm signal is identified. But the stations

● PROCESSES

Colours the embossed characters

APPLICATION OF colour to the tips of embossed characters on plastic cards is made easier by the Model 100 machine from Farrington Division of Dymo Business Systems.

Disposable foil cassettes are used which allow easy replacement without effort or mess. When used up the cassette is simply removed and thrown away or kept for audit purposes. In addition, use of foil in cassettes means that colours can be quickly changed.

Embossed cards are placed in a chute at the tope of the unit one by one and gently depressed for a couple of seconds while heat and pressure tip the characters and the foil is advanced ready for the next card.

Either A (CR80) or F (CR50) size cards can be tipped and with minor adjustments thinner than normal cards can be dealt with.

The foil cassettes are supplied in packs of three in gold, blue, black or white; each cassette gives 1,000 impressions.

The company is at Bromwells Lane, Feltham, Middx. TW13 7DY (01-751 6141).

Reclaiming used oils

TYPICAL APPLICATION for unit type OTU2/150, developed by Alfa-Laval Company, Great West Road, Brentford, Middlesex (01-560 1221) is in a swarf house where the oil spun off swarf can be cleaned and returned to the workshops, and any water or soluble oil present will be separated out and discharged.

Unit is designed to process batches of oil up to 150 gallons in volume and has a cycle time of about 3½ to 4 hours, depending on the degree of temperature elevation required.

It must be stressed, however, says the company, that the heating is to reduce the viscosity of the oil prior to centrifuging and in no way does the oil become sterilised.

Mixers last longer

GREATLY increased life has been given to the range of Morton Machine's Multimix commercial mixing machines, especially when used for mixing abrasive materials. The entire end bearing can be dismantled and worn inner liners removed and replaced with only minor delays to production schedules.

Before this new option, a machine working with abrasive materials would normally last about two years. Now only the liner and mixing elements need to be replaced and this can be done within a few hours at relatively small cost. The worn mixing parts can then be reconditioned for further use. The liner is expendable and can be made in steel, glass fibre or rubber.

Each machine in the new range is supplied with several sets of mixing ploughs and spare liners. All can be fixed by operators without the need for extensive or specialist training.

Morton Machine, a Fedman Heenan International subsidiary, is at Atlantic Works, Wishaw, Lanarkshire ML2 0AD.

● COMMUNICATIONS

Big panels for display

ABLE TO meet most marketing display requirements in exhibition areas within companies and in similar venues is a standard package of panel based on the Fleetbuild SB system able to provide a 14 metre run of display area.

Contents are six J-curve panels, four 1 metre wide flat panels, two radius corner units, a 2 metre run of hardwood fencing, and connectors. There is no gap between walls and floor and no framework or feet are needed to maintain rigidity.

More from Fleetbuild Panels (London), 71 Temple Chambers, Temple Avenue, London EC4Y OHP (01-353 3918).

● TEXTILES

Produces a neater join in fabrics

FOR YEARS the textile industry has been searching for an alternative to sewing and, even better, something that will eliminate the need for sewing threads.

It was proposed, when the first thermoplastic synthetic fibres were introduced, that possibly there could be some simple system of melting together or even "spot welding" thermoplastic fabrics, but little progress was made with this concept as the roughness of melted edges was generally felt to be unacceptable.

A completely new system of both cutting and sealing such fabrics has been introduced by Dawes [illegible] Road, Western Avenue, London [illegible] with the Series 7010 ultrasonic cutting and sealing equipment. The idea is very simple. An "anvil" is placed beneath the fabrics to be trimmed or joined and a cutting horn is positioned above the material. This vibrates at ultrasonic speed and is able both to cut and join the materials. In earlier developments of this kind there was a problem of anvil and horn causing damage to the circuitry of the equipment because of metal-to-metal contact, but Dawes claims that with the series 7010 this has been overcome.

The series is built in a range of three—450, 900 and 1400 W—to meet the needs of various types of weights of materials.

The system is simple and because it is cold there is no build-up of contaminants on either anvil or horn and the join between two materials is no thicker than the original fabrics.

Envisaged application for the new process is in trimming away carpet backings, cutting and sealing bra straps, seaming waterproof garments, the production of disposable protective clothing and a number of other possible end-use applications.

هكذا من الأصل

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

INVESTMENT OPPORTUNITIES

in the £160,000,000 p.a. Unit Load Industry

Materials Handling and Packaging

UNIT LOAD SHOW

Wembley Conference Centre

4-5-6 JULY

See Technical Page of Financial Times 3rd and 4th July

Tel: 01-908 2122

CHRISTIE & CO

FULLY LICENSED FREEHOLD HOTEL Channel Islands Tax Haven Commanding position overlooking superb bay. Rec., Bar, Dining area, Restaurant, Ballroom & Bar, Kitchens, 20 Bedrms., 2 with showers. 2 Staff Beds., 4 Bath. Flat, 2 Bds., Bathrm., Lounge, Kit. FIRE CERTIFICATE HELD. Garden. T/o £106,148. Price £145,000 Freehold "As it stands." Optional taxi and self-drive hire business.

32 Baker Street, London, W1 Tel: 01-486 4231

Looking for a purchaser?

J. E. Beale Limited is one of Britain's largest independent Department Store Groups and is proud to be a "family" business. It is expanding and is seeking further acquisitions or mergers.

If you control and/or own a department store or shops please send particulars to:

The Company Secretary
J. E. Beale Limited
36 Old Christchurch Road
BOURNEMOUTH BH1 1LJ
Tel: (0202) 22022

Beales

COSTA BLANCA—SPAIN

MODERN 100 BEDROOM TOURIST HOTEL CLOSE TO BEACH

Accommodation also includes BARS, LOUNGE, RESTAURANT, NIGHT CLUB AND SWIMMING POOL

FULLY AIR CONDITIONED.

Further information and price apply:—

KNIGHT FRANK & RUTLEY, 20, Hanover Square, London W1R 0AH. Tel: 01-629 8171 (Telex: 265384) (Ref: 00996/KS)

CAPITAL REQUIRED

British consortium with excellent Caribbean villa complex ready for immediate development, requires short term loan or longer term equity capital amounting to £150,000. This represents 15% of total investment and is required to commence construction.

INTERESTED PARTIES PLEASE TELEPHONE 01-262 1444

CHRISTIE & CO

GENERAL ENGINEERING & STEEL FABRICATORS South Wales, M4 location. Estab. business with valuable contract work in petro-chemical industry. Modern, purpose-built premises (total 17,500 sq ft) on valuable 1.18 acre site. T/o 1978 £923,551. Net profit £44,252. On-going management. Full particulars, principals only, from:

32 Baker St., London W1M 2BU Tel: 01-486 4231

DISTRIBUTION COMPANIES IN EUROPE

FOR SALE OR MERGER

Large British group with many overseas interests wishes to merge or sell its European network of distribution companies dealing in Gifts/Toys/Stationery products.

All companies are autonomously managed, have good warehouse facilities, sound computerised administrative systems and operate small national sales forces. The products, which are of a seasonal nature, are sold to wholesalers, chain stores, general retailers and some specialist shops.

It is believed that this group of companies could form the basis of a partnership with a suitable business wishing to expand sales into Europe and yet retain sales control. Alternatively, the holding company are willing to consider outright sale.

Principals only are invited to reply to Box G4111, Financial Times 10 Cannon Street, EC4P 4BY

BELGIAN BASE

Manufacturer interested in UK proposals. Good offices, spare factory space or capacity, good location with telex.

PENTAGON PLASTICS AG
Markegemstraat 127, Wakken 8763
West Flanders

FURNITURE FABRICATION

West Midlands based manufacturer has facilities immediately available for panel, solids, laminating, veneering and other contract work.

Box G4120, Financial Times 10 Cannon Street, EC4P 4BY

PRODUCTS AND TECHNOLOGIES

SOUGHT FOR

PROFITABLE LICENCE MANUFACTURE IN SWEDEN

Proposals needed by 20 August, 1979 and to have documented market response/potential. Preferred fields: MATERIAL HANDLING, PUMPS & HYDRAULICS, ENERGY RECOVERY (INCLUDING ADV. HEAT EXCH.), MACHINERY FOR FARMING/GARDENING, AUTOMATION OF TEXTILE PROCESSES

SUBSTANTIAL FINDER'S FEE paid for leads resulting in mutually serious negotiations before 30 June 1980.

NEWTECH AB, International Search & Marketing of New Technology Birger Jarlsgatan 13, S-111 45 Stockholm Tel: 08-20 30 32 - Telex: 12820 Newtech

FUNDING GROWTH INTERNALLY

Are you making taxable profits in excess of £100,000 p.a.?

Would you like to retain these profits in the business whilst adding an additional profit centre?

For further information write or ask your professional advisers to write to Box G.4113, Financial Times, 10 Cannon Street, EC4P 4BY

CAPITAL GAINS TAX CAPITAL TRANSFER TAX

Arrangements approved by leading Tax Counsel can be made to enable an individual to mitigate CGT and CTT on disposals of shares in close companies or other assets.

Principals only write in first instance to:

Managing Director
PANORAMA SECURITIES LIMITED
18 Manor Farm Road
Bitterne Park, Southampton

PRODUCT DISTRIBUTION — SCOTLAND

Strategically sited Edinburgh company with excellent warehousing and outside storage facility becoming available can offer to break bulk, stock and distribute any products throughout Scotland. The company would also be interested to act as Scottish or UK Stockists/Agents for British or overseas companies ideally with products selling through Builders' Merchants.

Enquiries to:

MENZIES DOUGALL & MILLIGAN, W.S.
12 Bruntsfield Crescent, Edinburgh 10

Medical Consultants Required

We wish to retain marketing consultants to prepare reports analysing and forecasting the European markets for:

- NUCLEAR MEDICAL PRODUCTS
- HOSPITAL SUPPLIES
- ULTRASONIC DIAGNOSTIC EQUIPMENT
- CLINICAL LAB INSTRUMENTATION & REAGENTS
- OPERATING ROOM PRODUCTS

Product knowledge essential. We are an internationally known firm and can provide continuous assignments. Replies will be kept strictly confidential.

Write Box G4106, Financial Times, 10 Cannon Street, EC4P 4BY

BUSINESSES FOR SALE

FOR SALE

Old established light engineering works in the Midlands
Turnover: £750,000
Good Order Book

Apply in writing to: Box G.4118, Financial Times, 10, Cannon Street, EC4P 4BY. Principals only.

U.S. EMIGRATION

If you are serious about living and working in America why not emigrate? It can be achieved by the packaged facilities offered by A.P.C. Ltd. Services include immigration, work permits, green cards, house purchase (mortgage facilities available), financial and tax advice UK and U.S. Our retained U.S. immigration lawyer is available for private consultation in London. Appointments at short notice.

Contact in confidence:

A.P.C. LTD., 2nd Floor, St. George's Chambers, Athol St., Douglas, I.o.M. Telex: 627691 SPIVA G - Tel: 0624 822864

ARE YOU FINANCING YOUR CUSTOMERS?

Then obtain details of our Factoring and Invoice Discounting Services

ARBUTHNOT FACTORS LTD. Breeds Place, Hastings TN34 3AB Contact: S. E. Finch Tel.: 0424 430824

COMPANY FOR SALE

London-based Wholesale Food Distributors for cash sale. Expanding profitable business with annual sales in region of £1,400,000.

Write Box G.4092, Financial Times, 10, Cannon Street, EC4P 4BY.

FOR SALE
SPECIALIST WOOL FABRICS

Turnover approx. £½m with small profits. Modern Freehold Factory + equipment. Adequately Financed

Good Tax/Grants Position
Sound Management Team
Price Indication £150,000
Merger with strong marketing partner considered

Write Box G4101, Financial Times 10 Cannon Street, EC4P 4BY

Wholesale and Retail Discount
CIGARETTE BUSINESS
based on Tyneside

Turnover in excess of £4m with net profits circa £100,000. Present proprietor would consider outright sale or disposal of minority interest with management participation.

For further particulars apply:
TANSLEY WITT & CO.
Pearl Assurance House
7 New Bridge Street
Newcastle-upon-Tyne NE1 8BQ

RECOVER YOUR TAX PAID 3 YEARS AGO

It is still possible, even after the Budget, to claim back tax paid three years ago at rates of up to 98%.

Please write for details to

Box G.4104, Financial Times, 10 Cannon Street, EC4P 4BY

CLOSE COMPANY DIRECTORS

IF YOU ARE INTERESTED IN A SIMPLE, PROVEN METHOD OF RELEASING PROFITS LOCKED IN YOUR COMPANY WITH NO TAX LIABILITY

please write for details to
Box G.4103, Financial Times, 10 Cannon Street, EC4P 4BY

SOUTH OF ENGLAND
BOAT BUILDING COMPANY
FOR SALE

Established Product Range
Turnover £1.4 million per annum
Self-contained Factory to be Rented or Leased
60 Staff
Total investment in the region of £250,000 (excluding property)

Write Box G4116, Financial Times 10 Cannon Street, EC4P 4BY

FOR SALE
PLANT HIRE COMPANY

(Tower Cranes and General Plant)
LONDON AND HOME COUNTIES

Please reply to Box G4119, Financial Times 10 Cannon Street, EC4P 4BY

WIREWORKING BUSINESS FOR SALE

Old established profitable company, manufacturing canteen utensils, etc. Freehold property near centre of Birmingham. Sale due to retirement.

Further information from:
STANLEY & CO.
Chartered Accountants
Lombard House
Great Charles St., Birmingham 3

WELL ESTABLISHED INTERNATIONAL COMPANY

Require stocking Distributors in the following areas:

Kent and Sussex; Berks, Oxfordshire and Buckinghamshire; Cornwall and Devon; Avon, Somerset and Wiltshire; to actively market a highly successful line of consumable Industrial Maintenance Products on an exclusive basis. (Some West Midland Areas available.) Write to the Marketing Manager, Box G.4110, Financial Times, 10, Cannon Street, EC4P 4BY.

GOODWILL of credit control company with well established clientele of internationally known companies. A going concern with genuine growth potential. Tel. 01-242 8101.

SPECIALISED CHEMICAL Research Business. Large potential for expansion £300,000. Owner retiring. Write Box G.4123, Financial Times, 10, Cannon Street, EC4P 4BY.

BUSINESSES WANTED

DO YOU WISH TO SELL YOUR COMPANY

Our client, a young and very successful Company, is now embarking on its next phase of expansion and is interested in acquiring companies in the engineering or plastics industries.

Please write, providing full details and your last three years' accounts, to Singer & Partners, Chartered Accountants, 10, Court Road, Bridgend, Mid Glamorgan.

STRICTEST CONFIDENCE WILL BE OBSERVED

MECHANICAL AND ELECTRICAL ENGINEERING COMPANY

seeks expansion by amalgamation with companies manufacturing end products which are related to process engineering, electronics and leisure markets. C.T.C. problems may be resolved or cash available.

Please write to Box G4124 Financial Times 10 Cannon Street, EC4P 4BY

PROGRESSIVE RELIABLE
UK COMPANY

seeks a partner who already has a sales force calling in the industrial market and selling products required in *washrooms and ablutions*, for an exciting new product now available.

Write Box G.4099, Financial Times 10 Cannon Street, EC4P 4BY

MARINE GEOPHYSICAL SURVEY COMPANY

For Sale as Going Concern
Located Great Yarmouth
Further details to:
Bairstow Eves,
Provincial House,
218/226 Bishopsgate, EC2.
Tel: 01-377 0137

Bonnington

The last word in Dictation

The 10 function BE/201 Dictator for ONLY £36.80 inc. VAT.

RUSH S.A.E. for full details to: Bonnington Enterprises, Bonnington, Ashford, Kent. Tel: 030382 2453.

SAFETY EQUIPMENT

Company active in fields of supply or manufacture, associated with the Health and Safety at Work Act, sought by International Group. If lack of capital or selling strength is impeding your growth our industrial muscle could help development. Would be of interest to mature senior management wishing to retire or larger group wanting to dispose of a subsidiary which doesn't fit in.

Brief details in first instance to: Box G4105, Financial Times 10 Cannon Street, EC4P 4BY

AN ESTABLISHED PRIVATE COMPANY WITH SEVEN-FIGURE SALES

good profit record and adequate funds, trading mainly in high value material for engineering, electronic and chemical industries would like to join forces, possibly on a 50/50 basis, with a company trading or manufacturing in the same range of industries, with a view to enhancing management and increasing profitability.

Write Box G.4059, Financial Times, 10, Cannon Street, EC4P 4BY.

Are you Experiencing Liquidity Problems

Private source prepared to consider capital injection

KONRAD ROBERTS LTD.
P.O. Box 19, Croydon CR9 1AP
Tel: Tadworth 2873

TURN YOUR SURPLUS STOCKS INTO CASH!

D. Rubin Ltd., a large organisation dealing in all types of domestic consumer products, i.e., Hardware, Toys, Cosmetics, Textiles, Electrical Goods, etc., etc., offers immediate cash for quantities of surplus stocks of this nature.

For a quick decision contact:
Denis Rubin, D. Rubin Ltd.
39 Macdonald Street
Birmingham B5 6TN
Tel: 021-622 2222

FIXED ODDS FOOTBALL COUPON

INTERNATIONAL COMPANY INVOLVED IN BETTING, GAMBLING & FOOTBALL POOLS

are anxious to establish agents with participation in overseas countries, where football pool coupons are permitted. Good opportunity for reputable people or companies only.

Write Box G4121, Financial Times 10 Cannon Street, EC4P 4BY

SECRETARIAL SERVICES

Shorthand & Copytyping
Letters - Minutes
Manuscripts - Documents
Duplicating - Photocopying

Telephone 01-876 6031

RAPIDLY EXPANDING TRANSPORT AND SHIPPING COMPANY

Intends purchasing warehouse in West London area and would welcome discussion with manufacturers/distributors with view to contract storage and distribution. Intend to purchase area of 20,000-30,000 sq ft.

Write Box G4114, Financial Times 10 Cannon Street, EC4P 4BY

FREIGHT FORWARDING ABERDEEN

Presently part of a group of industrial companies, this well organised business would suit company requiring branch office in this important North Sea oil base.

Existing Staff to remain
Tax Losses

For further information write to Group Accountant Box G4126, Financial Times 10 Cannon Street, EC4P 4BY

BUSINESSMAN

IS INTERESTED IN ACQUIRING

controlling or half interest in trading company with minimum profits of £30,000. Existing management might remain with service contracts. All replies in strict confidence to

Box G4115, Financial Times 10 Cannon Street, EC4P 4BY

CAPITAL TAX LOSS COMPANY REQUIRED

with substantial agreed capital losses in the building or property business and still trading

Replies to Box G4108 Financial Times 10 Cannon Street, EC4P 4BY

IMPORTERS EXPORTERS

Find new business leads in Import/Export Opportunities Digest, the new monthly listing of overseas companies who are currently and actively seeking trade contacts with their British counterparts.

For details write to:
Import/Export Opportunities, Dept. FT. 15, Selvage Lane, London NW7 3SS.

AN ESTABLISHED PRIVATE COMPANY WITH SEVEN-FIGURE SALES

good profit record and adequate funds, trading mainly in high value material for engineering, electronic and chemical industries would like to join forces, possibly on a 50/50 basis, with a company trading or manufacturing in the same range of industries, with a view to enhancing management and increasing profitability.

Write Box G.4059, Financial Times, 10, Cannon Street, EC4P 4BY.

ENTREPRENEUR

with considerable insurance interests prepared to back with cash, life salesman or life sales teams who believe they can make it on their own

Write in complete confidence to: Box G4109, Financial Times 10 Cannon Street, EC4P 4BY

WANTED TO PURCHASE
UNTRADED COMPANY

PREFERABLY TO DEAL IN MOTOR BUSINESS AND ACCESSORIES
No Liabilities or Assets

Please write or telephone first instance to:
2 Bridge Street, Framlingham
Woodbridge, Suffolk
Tel: Framlingham 723248

LIMITED COMPANIES

FORMED BY EXPERTS
FOR £80 INCLUSIVE
READY MADE £89
COMPANY SEARCHES

EXPRESS CO. REGISTRATIONS LTD.
30 City Road, EC1
01-628 5434/5, 7361, 9336

Well-established
CONVERTERS MOTOR CARAVAN
of good reputation

Goodwill and current assets for sale, c. £50,000. Premises available if required on a freehold or rental basis. Principals only.

Write Box G4107, Financial Times 10 Cannon Street, EC4P 4BY

NATIONAL STORAGE AND DISTRIBUTION COMPANY

(PRIVATELY OWNED)

seeks to expand by the acquisition of other companies in the same industry

Full details please, in confidence, to Box G4112, Financial Times 10 Cannon Street, EC4P 4BY

A UNIQUE OPPORTUNITY

is offered to two young semi professional Super 8/16 mm film-makers to join an aggressive established company marketing industrial and commercial film productions. On the basis of existing and future business being given to them on a contractual basis in exchange for financing a new company.

Write to DOPCELL LTD., 21 Bucklesbury, Hitchin, Herts., SG5 1BN.

CAPITAL AVAILABLE

For Viable International Projects $500,000 Minimum

Also excellent U.S. and Foreign Investment Opportunities available

Venture Capital Consultants
16300 Ventura Blvd., Suite 900A
Sherman Oaks, California 91403
USA. (213) 789-0422
Telex: 651355 VENCAP LSA

OXBRIDGE

Leading private preparatory school for sale, established over 50 years with 200 pupils. Leasehold. Very easily run with most efficient staff and enjoying high scholastic reputation. Excellent profit record with exceptionally high capital return.

Write Box G4102, Financial Times 10 Cannon Street, EC4P 4BY

BUILDERS AND Manufacturing joiners in Edinburgh for sale. A family private company with large premises in city centre. 6 figure capital required, owners retiring. Replies to Box No. 230, James Graham Advertising Ltd., 22 Coates Crescent, Edinburgh EH3 7AF.

IBM ELECTRIC TYPEWRITERS

Factory reconditioned and guaranteed by IBM
Buy, save up to 30%
Lease 3 years from under £5 weekly
Rent from £26 per month
Tel: 01-641 2365

PLANT AND MACHINERY

GENERATORS 2 KVA to 4,000 KVA. New and used at very competitive prices. Generex Ltd. Tel. (073-522) 3033. Telex. 848537 Gencom G.

A.1. 100' MOTOR YACHT wanted for Film Location in U.K. August. Ring—Black Lion Films 01-437 7365.

VENTURE CAPITAL REPORT, 2 The Mall, Bristol. The newsletter that channels capital to small businesses. Investors or entrepreneurs, ring 0272 37222.

NORTHAMPTON — Your instant furnished Office. Telephone, Telex, Reception. Secretarial. From £1 PW. 0604 31913.

GOLFBALL TYPEWRITERS available for immediate hire, lease or sale. Ring 01-729 2727.

PHONE MATE — America's best selling telephone answerers for world wide use. Models from £145-£450. European Sales & Service Centre, 287A, Finchley Road, N.W.3. Tel. 01-431 0266.

£1 A WEEK FOR EC2 address or phone messages. Combined rates plus telex under £3 a week. Prestige offices near Stock Exchange. Message Minders International. 01-628 0898. Telex 8811725.

MOBILE AIR CONDITIONERS to clear. Offers. 01-499 0742.

If you Own or are Purchasing any type of modern OCEAN-GOING VESSEL

then ship management subsidiary of currently Britain's most successful ship-owning group will manage your vessels with the same care and consideration as their own under either British or foreign flag.

Write Box G3050, Financial Times 10 Cannon Street, EC4P 4BY

AFRICA — Low cost air fares. Accra, Abidjan & Lagos. Escort Courier. Ring 01-675 4379. Telex 28604. Ref. 395.

WHOLESALE FRUIT and Vegetable Merchant wishes diversify. Capital available. Any suggestions. Write Box G.4125, Financial Times, 10, Cannon Street, EC4P 4BY.

DUE TO RETIREMENT of present major director, a well-established and thriving business based in London's West End and operating in a distinctive area of the leisure market, invites capital investment (c. £30,000) and active involvement from person with administrative/business abilities and, preferably, with a background in fashion/entertainment industries. Write Box G.4067, Financial Times, 10, Cannon Street, EC4P 4BY.

PROGRESSIVE London Advertising Agency, with Blue Chip clients, having spare capacity and accommodation, seeks the acquisition of an advertising/PR agency. Principals only reply to Box G.4097, Financial Times, 10, Cannon Street, EC4P 4BY.

COMPANY NOTICES

GOLD FIELDS GROUP

DIVIDENDS/REPAYMENT OF CAPITAL—UNITED KINGDOM CURRENCY EQUIVALENTS

In accordance with the Standard Conditions relating to the payment of the dividends declared by each of the undermentioned companies on 12 June 1979, and to the Conditions relating to the repayment of capital by Vlakfontein Gold Mining Company Limited, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of R1.844783 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 2 July 1979 as advised by the companies' South African bankers.

The United Kingdom currency equivalents of the dividends and of the repayment of capital are therefore as follows:—

Name of Company (Each incorporated in the Republic of South Africa)	Dividend No.	Amount per share
Interim Dividend:		
East Driefontein Gold Mining Company Limited	12	29.81350p
Final Dividends:		
Doornfontein Gold Mining Company Limited	45	31.68277p
Kloof Gold Mining Company Limited	19	43.36563p
Libanon Gold Mining Company Limited	57	56.36693p
Venterspost Gold Mining Company Limited	78	16.26208p
West Driefontein Gold Mining Company Limited	53	224.95879p
Repayment of Capital	Repayment No.	
Vlakfontein Gold Mining Company Limited	7	5.42069p

By Order of the Boards,
C. E. WENNER, London Secretary.

London Office:
49 Moorgate,
London, EC2R 6BQ.
United Kingdom Registrar:
Close Registrars Limited,
803 High Road,
Leyton, London E10 7AA.

BEECHAM GROUP LIMITED

Notice to holders of 5¼% Guaranteed Convertible Debentures and 6¼% Guaranteed Non-convertible Debentures of Beecham International Holdings S.A.

In accordance with the Conditions of Issue of the above-mentioned Debentures, notice is hereby given to Debenture holders that the Beecham Group Annual Report for the year ended 31st March 1979, was posted to share and loan stock holders on 2nd July, 1979.

Debenture holders can obtain copies of the Annual Report on application to the offices of the Paying Agents.

By Order of the Board,
I. M. F. BALFOUR,
Secretary.

CORRECTION NOTICE

The following is an amendment to the advertisement which appeared in the Financial Times on June 8th, 1979.

UNION DES BANQUES ARABES ET FRANCAISES
U.B.A.F.

Loan of US$25,000,000 1976/81
Floating Rates

Bondholders of this loan are hereby informed that the rate applicable for the 6 month interest period starting June 5th, 1979, and ending December 4th, 1979, has been fixed at 10[illegible]%.

Coupon No. 7 will be payable as from December 6th, 1979, at the price of US$ 55.60 equivalent to a 10[illegible]% interest on US$ 1,000 worked on the basis of 183/360th.

THE FISCAL AGENT,
Crédit Lyonnais,
Luxembourg.

BEECHAM GROUP LIMITED

ANNUAL REPORT 1979

NOTICE IS HEREBY GIVEN that the Annual Report for the year ended 31st March, 1979, was posted to shareholders and loan stock holders on 2nd July, 1979.

The Annual General Meeting is to be held at 12 noon on 25th July, 1979, at the Hotel Inter-Continental, Hamilton Place, London, W.1.

By Order of the Board,
I. M. F. BALFOUR,
Secretary.

COMPAGNIE FRANCAISE DES PETROLES

NOTICE TO SHAREHOLDERS

The Annual General Meeting of Shareholders held on June 29th, 1979, has set the 1978 dividend at F 10.00 for the old shares and F 5.00 for the new shares. Dividends will be payable as from July 3rd, 1979.

Residents of the United Kingdom will receive, in exchange for Coupon Nos. 57 and 57 crossed the amounts of F 7.65 and F 3.83 respectively, and as from January 15th, 1980, an additional payment of F 5.10 making the dividend payable F 12.75 (Coupon No. 57) and F 2.545 making the dividend payable F 6.375 (Coupon No. 57 crossed).

Payment of the above amounts will be settled upon presentation of the coupons and completion of Form RF 4 GB according to the terms of the Double Tax Convention between France and Great Britain. However, as concerns securities deposited in banks established in France or in the United Kingdom, this Form can be deposited at any time up to December 31st of the year following collection of Coupons.

The Coupons should be lodged with Banque de Paris et des Pays Bas, Moor House, 119, London Wall, London EC2Y 5DR, where appropriate claim forms and further information can be obtained.

Payment in respect of Coupons will be subject to deduction of U.K. income tax unless claims are accompanied by an affidavit. The exchange rate used will be that effective on the date of each payment.

CONTRACTS AND TENDERS

SYRIAN ARAB REPUBLIC

TECHNICAL ASSISTANCE NO. 419

The General Syrian Company for Glass and Ceramic Industries, Damascus, invites tenders for tendering technical assistance to the new glass manufacturing project in Damascus composed of the following production units.

1—Pittsburgh furnace equipped with three rolling [illegible]

[illegible]

JORDAN ELECTRICITY AUTHORITY

SOUTH JORDAN TRANSMISSION PROJECT

TELECONTROL AND COMMUNICATIONS

EXTENSION CONTRACT [illegible]

NOTICE OF PREQUALIFICATION

[illegible]

PERSONAL

Who will provide jobs for our disabled ex-Servicemen? [illegible]

The Royal British Legion Appeals Department Maidstone, Kent ME20 7NX

AIRCRAFT FOR SALE

BRAND-NEW
CITATION JET
LUXURIOUSLY EQUIPPED
FOR SALE OR LEASE
WITH FULL CREW
[illegible]
Leeds (0532) 502251

ART GALLERIES

[illegible]

CLUBS

EVE has [illegible] a policy [illegible] money. [illegible] and Top [illegible] Glamorous [illegible] 734 0557.

GARGOYLE, [illegible] NEW [illegible]

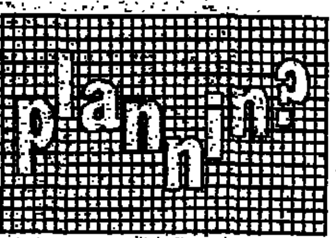
11-3.30 [illegible] Mon.-Fri. [illegible]

هكذا من الأصل

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Avoiding the pitfalls of modern planning



THE ENVIRONMENT within which companies now operate has never been broader, more complex and more rapidly changing. So planning for the future as the only way of even partially controlling their destiny, has never been more necessary—nor more difficult.

The challenges are even broader than this series of articles has so far suggested. Not only must managers cope with all the unpredictabilities of inflation, economic growth, competition, technology and the rest, but whole industries can rapidly become outdated as their life-cycles accelerate.

It is difficult enough for managers themselves to cope with the pace of change, let alone to take along with them the organisation's many other "stakeholders"—including shareholders, employees, or society.

The management's task is complicated further by the increasing pressure being exercised upon it by the other stakeholders, especially politicians and the bureaucracy, and all sorts of consumer groups (try and find "environmentalist" in a dictionary older than 10 years).

All this makes it crucially necessary for a company's planning process—indeed, the whole formulation and execution of its corporate strategy—to be carried out in as efficient a manner as possible. In particular, it underlines how rigorously the flow of data within a company must be controlled so that it does not flood both suppliers and recipients, thereby bringing the system into disrepute and making it uneconomic and counter-productive.

This is by no means the only "must" for successful planning today. As the diagram shows, the data must be qualitative as well as quantitative (for example, assessing the likely reaction of a local community to a proposed investment in its area).

Perhaps most important of all, the chief executive must be ready to play a key—and onerous—role. This applies particularly to the difficult task of ensuring that the roles and responsibilities of the planning process are clearly allocated, but that at the same time the interdependence of all parts of the organisation is always recognised.

Properly carried out, planning more than justifies the strain and cost involved. First, it translates the chief executive's strategy into a series of visibly achievable propositions which are continually monitored as part of a continuing process.

Secondly, it produces an awareness—and indeed a quantification—of the pace of change. If the plans are formulated effectively, and their implementation monitored, it questions the assumptions on which they were based. This, in turn, means that unsuccessful plans or projects can be discarded more rapidly—a key point for many industries and companies today.

Thirdly, it forces people to define the vulnerable features of their organisation, making the avoidance of failure—which is not the same as avoiding risk—as important a part of management thinking as the need for growth. This tends to encourage a more positive distinction between risks to the balance sheet (preferably always avoided) and risks to the profit and loss statement (which can be commercially justifiable).

Fourthly, its evaluation of alternatives gives management the ability to initiate more positively, and to react more rapidly, the number of "surprises" is also reduced.

So much for the basic principles of planning. How should it be carried out?

No two companies can successfully operate exactly the same planning process and — as has been repeatedly emphasised in this series of articles — terminology is used in very different ways, which can often be more than confusing.

For the purpose of this article, corporate strategy is taken to embrace the overall activities of an organisation in defining its strategy and preparing and subsequently implementing its detailed plans.

Iterative

The diagram breaks the formulation and execution of corporate strategy into four parts, though it must be stressed that the process is highly iterative, and that more than one stage may proceed in parallel.

First, what might be called the strategic analysis, or situation audit, by which a company conducts a disciplined analysis of those internal and external factors which may affect its future activities. This includes such internal questions as the company's balance of businesses with different characteristics: cash generating, cash consuming, and so on (which is where such techniques as "portfolio analysis" and "gap analysis" can be used). Frequently of greater importance is its external posture, for example the relevance of its products or the fragility of its markets.

The next phase is the formulation, or determination, of the long-term objectives that are appropriate given the information currently available. These are then translated into short-term "goals," or "missions." The exact distinction between "long" and "short-term" will vary from industry to industry and company to company.

Then comes the process of choosing between the various ways in which the strategy could be translated into practice. Quantified plans, again ranging over different periods, though this time including the very short term, are prepared to translate the strategy into intelligible operating language. In some companies, this part of the process is broken down into what is called Tactical and Operational Planning, in others—as in the graph—it is given the title of *Corporate Planning*. In others again it is sometimes used to describe the *entire* process of planning within a company.

Finally comes the implementation of the plans, and their subsequent monitoring. Again, it must be emphasised, as in the diagram, that these stages are not separate but iterative.

The diagram illustrates the parts of the organisation which have a particular key role in the planning process and its implementation.

The central function of the chief executive is to formulate and implement the strategy which ensures long-term survival through profit and cash generation. Implicit in this central role are:

- defining the organisational framework within which the planning function operates
- taking a "broad view" of the environment and ensuring that the strategic analysis (or situations audits) covers the factors of critical importance
- maintaining the balance between short and long-term results
- ensuring that the best creative talent in the organisation is available and directed to evaluate future issues of importance
- displaying visibly his commitment to planning
- providing the entrepreneurial dynamic to overcome bureaucracy
- building this "dynamic" into the planning operation by successfully motivating everyone concerned.

The Planning Department does not determine strategy, although it can be the chief executive's eyes, ears and sounding board. Its positive responsibilities are to:

- secure rapid but economic data transmission from throughout the organisation in a way which sifts information into a digestible format for the specific receiver
- act as a catalyst in obtaining creative input from the operating divisions or central functions
- forge planning links across organisational divisions, for example R and D and marketing
- evaluate alternative plans that reflect the chief executive's formulated strategy
- monitor the selected plans

The Operating Divisions may be subsidiary companies, geographical entities or product divisions. Depending on the size of the company, in each case their roles in the planning process are similar; in a small organisation it may rest with one man reporting verbally, while a large division may prepare its own business plan.

Business plans are prepared normally by the operating divisions or other subsidiary units of the division or unit itself. The relationship between these plans and the organisation's overall plan is crucial — partly because they usually contain a bid for additional resources and partly because this link is the essential double-check on the division's optimism and the validity of its forecasts for its own products.

The allocation of resources (money or people) is enhanced if business plans can be objectively reviewed during the preparation of the overall plan and, even more, if the relationship between the central planning department and the divisions eliminates the extreme 'bottom-up' or 'top-down' planning approach—both equally damaging.

An effective relationship ensures a proper input to the corporation's overall plan—for the only parts of the organisation that can provide detailed information on customers, working groups or technology are the relevant operating divisions.

Central functions such as finance, marketing and research and development can, given sensible terms of reference, materially assist with the central planning department both by providing initial input and by monitoring plan implementation.

The importance of an easy dialogue between the central planning department and other parts of the organisation cannot be overstressed. Without it planning invariably loses touch with the realities of the organisation and becomes mechanistic and ultimately discredited.

The lack of a planning process of the sort described in this article makes it:

- difficult for an organisation to select the most suitable directions for its future activities;
- even more difficult to harness the energies of its management teams in the chosen directions;
- and virtually impossible to absorb change fast enough.

In our present environment an organisation without formalised corporate planning is deliberately putting its long term survival at risk.

Derek Wynne-Jones

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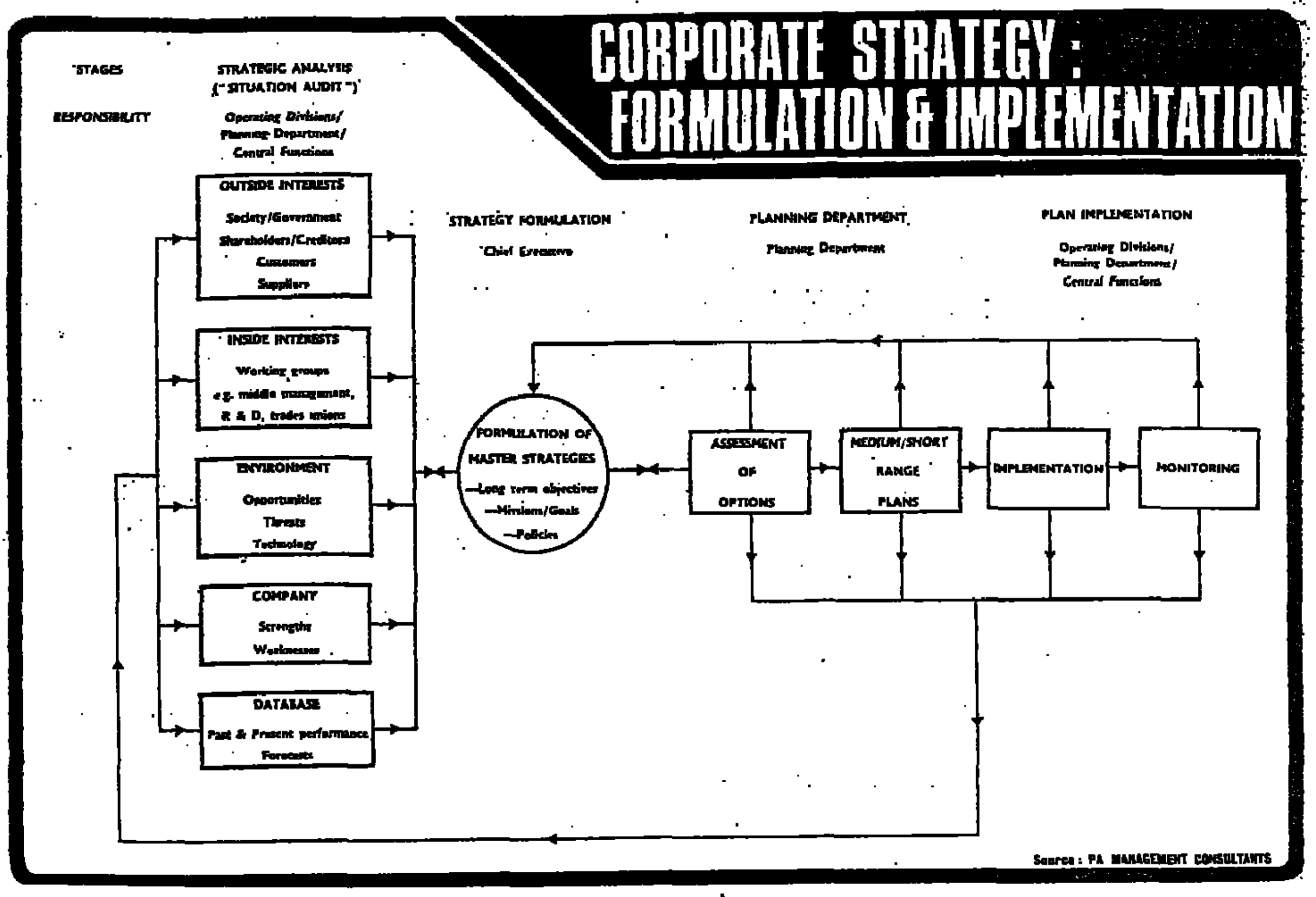
This is the fifth article of a series on planning. The first two appeared last Wednesday, June 27, the others last Friday, June 29. The next batch of articles will deal largely with specific planning tools.



Source: PA MANAGEMENT CONSULTANTS

EXECUTIVE HEALTH

BY DR. DAVID CARRICK

Fighting the good fight against allergies

WHAT IS known about allergies—that strange collection of disorders occasioned by certain foods, pollens, dusts, medicines, surface agents, some bacteria and so on—which manifest themselves in specific or amorphous ways in a minority of man?

Honest doctors and pharmacologists will frankly admit that we possess but a scintilla of *comprehension; but one thing is* certainly accepted, and that is that these strange maladies fall into several fairly well defined categories—conclusions arrived at by working backwards, by considering and interpreting causes from results.

Thus it is known that allergic reactions of a specific nature may be caused by inhalation; by surface contact; by ingestion of natural substances or those made by man; by contact with pure substances or materials, or by man-made objects such as cosmetics; by injection of medicaments made by man; or by stinging or biting creatures. The list is practically endless.

At this particular time of year in Britain, when many grasses and trees are scattering their pollen in profusion, the particular allergy related to pollen—mistakenly known as "hay fever"—must take priority, for there are so many unfortunate sufferers, sneezing and wiping their sore eyes, having their work grossly impeded and their leisure hours devoted to miserable moping in air-proof rooms instead of capering happily in the rain.

There are four major methods of attack, divided into preventive means and suppression of symptoms. Further subdivisions occur, but I will try to make matters as uncluttered as possible.

Prevention

In the first division of this campaign come the specific desensitising concoctions in which special preparations of a mixture of minute quantities of allergens that have been found to be poison to an individual, are injected. These are administered at regular intervals, in increasing proportion, over a number of weeks, four or five months before the danger season in order that the body's tolerance is increased. Providing that preliminary sensitivity tests have been adequate and accurate, this method is very effective, though expensive and rather tedious to jabber and jabbee.

Then there are the somewhat shotgun measures in which extracts of the most common allergens are employed. These can be administered later—within a month or two of Pollen-Day—and involve fewer injections. Sometimes the results are most gratifying. Not infrequently, however, a disgruntled sufferer from "hay fever" may well consider that he has been the victim of a sadistic joke since the injections have no effect whatsoever. Both of these regimens have to be repeated annually.

Combative Methods

1.—Certain sprays and nose drops are sometimes very useful in coping with cases where noses give particular trouble. Some of these medicaments contain surface-acting anti-histamine agents; while others, mainly based on ephedrine and variants of that drug, act by constricting superficial blood vessels and, therefore, cause a reduction in swollen mucous membranes and the excessive secretion arising therefrom. About 16 varieties are available.

2.—Oral preparations containing anti-histamine drugs may be used in short-acting forms, others act over 12 hours. These preparations are usually administered in specially coated granules timed to dissolve during the various phases of digestion. At least 20 different types are obtainable on prescription.

3.—For severe attacks, and particularly those in which an allergic asthma is present or feared, certain synthetic steroidal preparations produce rapid, if temporary, relief.

For several reasons (not least *being that, in January, the hay* fever season seems a long way away) the "combative" methods (number two in particular) are the most widely used. But one man's successful anti-histamine preparation is another man's soporific.

Pharmacologists, a happy, blinkered race, seem to think that all humans are exactly alike and will respond stereotypically to their pet product. Alas, not only do people react in very different ways to each other, the same person may differ from himself now and then. Thus, the wretched doctor has to trust in trial and error. Drug A may be very effective but causes drowsiness.

Drug B may do the opposite. Drug C may do neither but is obviously useless. One of the other drugs in this alphabet may be the perfect answer for the individual patient.

Fortunately, with so many to work through by the time the half-way mark is reached, the patient may be symptom-free, perhaps because the troublesome pollen has passed peacefully into posterity for another year.

LOMBARD

A prophet in his own land

BY JONATHAN CARR IN BONN

THERE IS something of the Old Testament prophet about Dr. *Otmar Emminger, president of* the Bundesbank. Just as the party to celebrate the economic upswing is getting nicely under way, Dr. Emminger appears before the frolicking multitude with stern *visage and upraised* finger. He does not actually have the Bundesbank's duty to defend the value of the D-mark inscribed on tablets of stone—but his message is clear enough all the same. "*Woe unto you* who stray from the path of stability—for you shall see double figure inflation."

Naturally this is not the way to make oneself popular. The *Belgians are upset because they* feel the Bundesbank's tough policies are making it harder to maintain the parity of the franc within the European Monetary System. The Americans are irritated by Dr. Emminger's public references to their past policies and current plight as examples of what other nations should, at all costs, seek to avoid.

Things are no easier at home. In Bonn, government officials fear that Dr. Emminger's public, dramatic warnings about growth of money supply, inflation and a *wages-prices spiral* may undermine business and consumer *confidence. The commercial* banks, too, *have felt the lash* of Dr. Emminger's tongue. They have extended more credit (in the central bank view) than they ought to have done, they have strayed from the path revealed to them by the Bundesbank's money supply growth target. Indeed, so powerful were Dr. Emminger's exhortations to monetary belt-tightening at a recent pre-banquet speech, that several bankers present almost seemed to lose their appetite.

Modest figure

Many non-Germans will find this concern excessive. After all, the West German inflation rate is still well below 4 per cent—a modest figure indeed by almost any international comparison. Might it not be better for Dr. Emminger to pipe down? After all, some may unworthily point out, he is coming to the end of his term as Bundesbank President and, no doubt, might *like to stay on for a while* longer. Surely he does not want to encourage his own replacement by one of those very commercial bankers whose credit policies he so roundly condemns?

Those inclined to argue in these ways should be prepared to answer a few simple questions. The first is—what would have happened to the European Economic Community after the oil price increases of *1973-74* had not West Germany, at first virtually alone, held fast to an internal stability policy which first braked the rise in domestic inflation, then dragged it down? Would the recognition that inflation is a main cause of unemployment have gained such broad international acceptance that today a devaluing currency tends to be seen more as a threat to internal price *stability* than as a boost to export competitiveness? Would France have adopted the tough stability measures of the Barre plan without the example of West *Germany — a rival and friend* alike? And if it had not done so what prospects at all would there have been of a Franco-German initiative for an EMS?

Moderate

Secondly, leaving aside for a moment the international point, what would be the impact on *West Germany domestically of a constantly increasing inflation* rate? It would be highly dangerous to assume that West German society would react in the kind of shock-absorbent way *which* British society has done (although some may well argue that double-figure inflation has already partly damaged that tolerance and common-sense which the British are generally held to possess). Make no mistake. If West German inflation even approached the levels existing in several neighbouring countries, then the kind of moderate government in Bonn to which Germans and the world *have grown used could not be* guaranteed.

That is not intended to be a horror picture. Bonn is not Weimar. There are several good reasons why Bonn will not become Weimar. One of them is the commitment to a large measure of price stability and a strong currency by an independent central bank which, as it happens, is not in Bonn at all. *That is why Dr. Emminger is* right not to try to win friends but rather to influence people. There is too much at stake to permit another course.

The delights of the Loire

WINE

BY EDMUND PENNING-ROWSELL

WHEN IN terms of white wines one casts a metaphorical eye over the central Loire Valley—from Blois to Angers—one is *inclined to think of somewhat* soft, sweet wines: Coteaux du Layon, Quarts de Chaume, Anjou roses, etc. This is not quite correct, for both Touraine and Anjou produce dry whites, albeit not of great characters save for Savennières near Angers. Yet undoubtedly the most distinguished and distinctive dry white Loires lie at either end of the valley: Pouilly Blanc Fumé and Sancerre upstream beyond Orleans and Gien, Muscadet near Nantes. To be accurate, there is another dry white produced even further up the river, at St. Pourçain on the Sioule tributary and not far from the Massif Central in which France's longest river is born. Most is made there by the local co-operative, and is better known for its rosé and red, but all are VDQS wines. On the few occasions that I have drunk them I have found them agreeable but, shall we say, uneventful. The AC white Loires begin at Pouilly and Sancerre.

Popularity

In the last 25 years both these *wines have achieved a* remarkable increase in popularity and in quantity. In the early 1950s the average output of Pouilly Blanc Fumé was no more than 3,500 hl, although there was rather more of the less good Pouilly-sur-Loire; and Sancerre averaged about 10,000 hl. In the three communes making both types of Pouilly the area under vines was only 400 ha, while Sancerre's 13 villages entitled to the *appellation contrôlée* had a similar area devoted to white wines and a further 40 ha devoted to the Pinot Noir, producing mostly rosé but also a little red. Today there are 500 ha devoted to the Blanc Fumé, and the *vignoble* is growing annually by about 30 ha; the output in a good year is over 20,000 hl. The more easily expanded Sancerre now covers 1,200 ha, rising by up to 50 or 60 ha a year, and averaging nearly 40,000 hl of white and another 8,000 hl of red and rosé. It will reach its limit in the existing designated area when another 200 ha are planted.

Really dry

Both wines are really dry with that sharp, attractive "cut" that the Sauvignon grape, from which each alone is made, gives everywhere. The plain Pouilly is made from the Chasselas grape, perhaps with some Sauvignon added, but it is a *much duller, heavier wine and* in general is being slowly superseded by the superior type. The Blanc Fume—the local name of the Sauvignon grape—is a flinty, elegant wine, while Sancerre, generally grown on much higher, steeper ground, is fuller and fruitier. That is in good years. In others such as 1977, both have a greenness and "strike" that seems to penetrate almost to the stomach.

For years the best known Pouilly Fume in Britain was Chateau du Nozet, whose wines at one time came solely from its 14-ha vineyard, but although this is now 45 ha its popularity has grown so much, particularly abroad, that 40 per cent of its requirements are bought in must, and the wine is sold under the proprietors' name, Ladoucette. It is, however, higher priced than other Pouillys, such as Chateau de Tracy.

Sancerre, based on the charming little hill town perched high above the river valley, has achieved an even greater success. In addition to its white wine, it has a rosé accounting for 15 per cent of total production, though this is somewhat yielding to a red, now representing 5 per cent. These are made from the Pinot Noir grape of Burgundy, and in a good year the red in particular can be very attractive.

Unfortunately the growing demand for this pair of dry whites that began in Paris bars, has led to markedly higher prices. In the capital there is always a fashion for a not-too-expensive dry white wine, and when Pouilly Fuissé and Chablis became too dear, there came the turn of these two upper Loire wines; but these too have now become restaurant wines. Owing to disastrous hail in July, last year's crop of Pouilly Blanc Fumé was only 14,400 hectolitre and the white Sancerre total of 43,000 hectolitre was no more than average. The excellent 1978s are unlikely to cost in Britain less than £3.50-£3.75 a bottle.

The wine with a claim to have taken over the bar trade is Muscadet. This is produced on a much larger scale—over 500,000 hectolitres in a good year, though 1977 produced little more than a one-third crop of 197,000 hectolitres that caused prices to shoot up to heights from which they may or may not descend; unlikely, as the 1978 crop totalled only 262,000 hectolitres.

The local grape was originally known as the Melon de Bourgogne, but is now called the Muscadet, and alone is valid for the wine. It produces a very dry wine eminently suitable to accompany the fish particularly associated with Brittany and the Atlantic coast. It can be rather thin and acid, and to counteract this a growing proportion is bottled *sur lie.* This means that instead of the wine being racked off its lees when the *fermentation* is complete, it remains on them until bottling which normally begins from mid-February onwards, though there is now a Muscadet Nouveau that may be bottled before Christmas. The *sur lie* wine has more body and fruitiness, and to ensure its authenticity, since 1977 it must be bottled in the area of production.

Best area

There are three different *appellations contrôlées:* Muscadet de Sèvre et Maine, Muscadet de la Loire and plain Muscadet. The first-named accounts for 80 per cent of output and is generally considered the best area, with the other two areas responsible for 10 per cent apiece. The Sèvre et Maine area lies to the east and southeast of Nantes, the Cote de la Loire is produced on both sides of the river to the city's east and north-east, and plain Muscadet mostly derives from the south of the district.

Although Muscadet may seem a light wine, it must have a minimum strength of 12 per cent, higher than Pouilly or Sancerre. It is a wine to be drunk young, preferably not more than a couple of years old, though this depends to some extent on the vintage. The '77 was much better here than elsewhere on the Loire.

Higher yields

The other white wine in the Nantais area is the Gros Plant, made from the Folle Blanche grape which used to be prolific in south-west France, especially in the Cognac region, but is now much diminished, and today its total production in the Loire district is less than 20 per cent of that of Muscadet. A VDQS wine since 1954, it is more frost-resistant than Muscadet, produces a higher yield, and is more robust though with less finesse; rather a clumsy wine though perfectly acceptable for summer drinking, for which all these dry Loire whites are particularly suited. The Nantais recommend a temperature of 8.5 C (47 F) for their wines, but that seems to me too cold, numbing the wine, and I would prefer 10 C (50 F); and personally I find both Pouilly Fumé and Sancerre delicious in summer if served at the traditional cellar temperature of 13 C (55 F).

Eve 'horse for the course'

RACING

BY DARE WIGAN

THE SEASON of seaside holiday racing gets under way this afternoon with meetings at Yarmouth and Folkestone. Those who subscribe to the "horses for courses" theory will look no farther than Eve for the C. J. Palmer Handicap (3.45) at Yarmouth. This mare has won seven times over the track, four times over today's distance.

She opened her account for the season at the last meeting on June 13 and it will probably be a mistake to oppose her.

Although Francesco's two victories have been achieved *against* moderate opposition at Catterick, the probability is that this colt is a useful stayer in the making. I think that he will prove capable of conceding 8 lb successfully to Hill's Forecast in the Ormesby Handicap.

Another animal who has disappointed Stoute is Union Springs, a beaten favourite in all his three races so far this season. But Stoute is adept at finding opportunities for the lesser members of his powerful stable and it looks as though he has found one for Union Springs in the Smeeth Maiden Stakes at Folkestone.

Oui Monsieur, whose successful sequence was brought to a halt by Huaralino and Shaab at Ascot on the Saturday immediately following the royal meeting, is another with a penchant for seaside courses and the Ascot form was given a fillip by the bold display of Huaralino in the Coral Northumberland Handicap at Newcastle on Saturday. Oui Monsieur can recapture winning form in the Margate Handicap, though Noble Heir is an obvious danger.

Miss Franca Vittadini, perhaps the most accomplished of our women jockeys, partners her gelding, Rose Track, in the Q.H. Underider Stakes at Warwick this evening and the chances are that they will land the prize.

Junella, with Carson in the saddle, is the probable winner of the Mercantile Credit Handicap and Ben Elid, who shaped with promise when third to Castle Green and Stuart King at Leicester last month, looks sure to go well in the Bluecol Maiden Stakes.

YARMOUTH
3.15—Francesco*
3.45—Eve
FOLKESTONE
2.00—Union Springs***
3.00—Oui Monsieur
WARWICK
7.25—Junella
7.55—Rose Track**
8.20—Ben Elid

TV Radio

BBC 1

† Indicates programme in black and white

9.10 am For Schools, Colleges. 1.30 pm Ragtime. 1.45 News. 1.55 Wimbledon: quarter-final men's singles. 4.18 Regional News for England (except London). 4.20 Play School (as BBC-2 11.00 am). 4.45 Hunter's Gold. 5.10 Ask Aspel. 5.35 Fred Basset. 5.40 News. 5.55 Nationwide (London and South-East only).
6.15 Wimbledon highlights.
7.30 Centennial.
9.00 News.
9.25 Last of the Summer Wine.
9.55 Our Man in Lusaka.
10.45 Tonight.
11.25 *Weather/Regional News.*

All Regions as BBC-1 except at the following times:—

Scotland — 9.50 am Magic Roundabout. 9.55 Jackanory. 10.10 Don and Pete. 10.15 Desert Adventure. 10.40-11.00 Take Hart. 5.55-6.15 pm Reporting Scotland. 11.25 News and Weather for Scotland.

Wales—4.45-5.10 pm Lladron Donaw. 5.55 Wales Today. 6.15 Heddiw. 6.35 Join BBC-1 (Wimbledon). 11.25 News and Weather for Wales.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.15 Scene Around Six. 11.25 News and Weather for Northern Ireland.

England—5.55-6.15 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

11.00 am Play School.
2.00 pm Wimbledon Tennis.
7.30 The Mid-evening News.
8.00 The Wild Flowers.
8.10 Brass Tacks.
9.00 Rhoda.
9.25 The Mayor of Casterbridge.
10.20 Top Gear.
10.50 Late News.
11.05 Wimbledon highlights.
11.55 Fox Watch.

LONDON

9.30 am Untamed Frontier. †9.50 "Destination Tokyo," starring Cary Grant. 12.00 Paperplay. 12.10 pm Once Upon A Time. 12.30 The Sullivans. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 The National Gallery. 2.30 Blue Skies From Now On. 3.25 The Love Boat. 4.20 Runaround. 4.45 Words on War. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 What's On Next?
7.30 Thunderclouds.
8.00 The Streets of San Francisco.
9.00 Rumpole of the Bailey.
10.00 News.
10.30 Camera.
11.00 Millennium.
11.30 Mixed Golf Foursome.
12.25 am Close: Personal choice by *Kenneth Connor.*

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am Halas and Batchelor Cartoon. 9.45 Child Life in Other Lands. 10.10 Mr. John's Green Gold. 10.35 England Their England. 11.00 Witness To Yesterday. 11.25 Survival. 11.50 Cartoon Time. 1.25 pm Anglia *News.* 2.30 *This Year, Next Year.* 3.25 The Royal Show. 6.00 About Anglia. 7.00 Feature Film: "She," starring Ursula Andress. 11.30 Sidestreet. 12.30 am Themes.

ATV

9.30 am They Own The Sky. 10.50 Morning Cinema: "Reach for the Sky," starring Kenneth More. 12.30 pm The Entertainers (Tony Monopoly). 1.20 ATV Newsdesk. 2.30 The Royal Show. 5.15 Definition. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 Here Today, Here Tomorrow. 8.00 Benny Hill. Down Under. 11.30 The Outsiders.

BORDER

9.30 am Cartoon Time. 9.40 Youth and Brass. 10.25 Film: "The Man in the Moon," starring Kenneth More. 12.30 pm Border News. 2.30 This Year, Next Year. 3.25 The Royal Show. 5.15 The Squirrels. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 Film: "Crime Club." 11.30 Sidestreet. 12.30 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where. 2.30 This Year, Next Year. 3.25 The Love Boat. 5.15 Stars On Ice. 6.00 Report At Six. 7.00 Survival. 8.00 B.J. and the Bear. 10.28 Channel Late News. 11.30 Escapade. 12.25 am Visages de France.

GRAMPIAN

9.45 am First Thing. 9.50 The Lost Islands. 10.15 Children's Matinee: "Pufnstuf." 11.50 Cartoon Time. 1.20 pm Grampian News Headlines. 2.30 The Royal Show. 5.15 George Hamilton IV. 6.00 Grampian Today. 6.05 Out Of Town. 11.30 Reflections. 11.35 Take The High Road. 12.00 Grampian Late Night Headlines.

GRANADA

9.30 am Sesame Street. 10.30 Tuesday Matinee: "Bulldog Jack." 11.40 Flashback. 1.20 pm Cartoon. 2.30 This Year, Next Year. 3.25 The Story of Wine. 3.50 Gambit. 5.10 The Undersea Adventures of Captain Nemo. 5.15 Crossroads. 6.00 Granada Reports. 6.35 Emmerdale Farm. 7.05 University Challenge. 7.35 The "Tuesday" Movie: "Lucan." 11.30 Bluey.

HTV

9.40 am Animated Classics. 10.30 "The Three Faces of Eve," starring Joanne Woodward. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.30 The Tuesday Matinee: "Marriage: Year One." 5.15 Melodrama. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 The Squirrels. 7.00 The Bionic Woman. 7.30 The Tuesday Movie: "Captain Nemo and the Underwater City." 11.30 Westside Medical.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20-4.45 Goglis. 6.00-6.15 Y Dydd. 6.30-7.00 The Quiet Ways of Wales. 10.35 Bywyd. 11.15 World In Action. 11.45-12.40 am Westside Medical.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

9.30 am Castaway. 9.55 Clue Club. 10.20 Finnish Nature. 10.30 Star Maidens. 11.00 Cartoon Time. 11.10 Animated Classics (The Last of The Mohicans). 1.25 pm News and Road and Weather. 2.30 This Year, Next Year. 3.30 The Royal Show. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today Summer Extra. 6.30 Oh No It's Selwyn Froggitt. 7.30 Emmerdale Farm. 7.30 Feature Film: "Attila The Hun," starring Sophia Loren and Anthony Quinn. 11.30 Late Call. 11.35 Pro-Celebrity Darts.

SOUTHERN

9.30 am Coral World. 10.30 "The Man from Colorado," starring Glenn Ford and William Holden. 1.20 pm Southern News. 2.30 This Year, Next Year. 3.25 The Royal Show. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day By Day. 7.00 Emmerdale Farm. 7.30 McMillan. 11.30 Southern News Extra. 11.40 Mannix.

TYNE TEES

9.25 am The Good Word followed by North-East News Headlines. 9.30 Feature Film: "The Inn of the Sixth Happiness," starring Ingrid Bergman. 1.20 pm North-East News and Lookaround. 2.30 This Year, Next Year. 3.20 Time To Spare. 3.50 The New Andy Williams Show. 5.15 Mork and Mindy. 6.00 Northern Life. 7.00 Emmerdale Farm. 7.30 "Cover Girls." 11.30 Check It Out. 12.00 Maude. 12.30 am Epilogue.

ULSTER

9.30 am The London That Nobody Knows. 10.10 Feature Film: "Malta." 1.20 pm Lunchtime. 2.30 The Royal Show. 4.18 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.15 Milestones or Millstones. 6.30 The Beachcombers. 7.00 Emmerdale Farm. 7.30 Rolf Harris. 8.00 The New Avengers. 11.30 Laverne and Shirley. 12.00 Bedtime.

WESTWARD

10.35 am Sesame Street. 11.25 Call It Macaroni. 11.50 Cartoontime. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.30 This Year, Next Year. 3.25 The Love Boat. 5.15 Stars On Ice. 6.00 Westward Diary. 7.00 Survival. 8.00 B.J. and the Bear. 10.28 Westward Late News. 11.30 Escapade. 12.25 am Faith for Life. 12.30 West Country Weather, Shipping Forecast.

YORKSHIRE

9.30 am Everyday Life in the Arctic. 9.55 Cartoon Time. 10.05 Model Railroading Unlimited. 10.35 Mumbly. 10.45 The Beachcombers. 11.10 Moby Dick. 1.20 pm Calendar News. 2.30 This Year, Next Year. 3.25 Calendar Tuesday. 3.50 Stars On Ice. 5.15 The Squirrels. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 "Cover Girls." 11.30 Sidestreet.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Paul Gambaccini. 7.00 Personal Call. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 2.03 pm Pete Murray's Open House (S) (cont. from Radio 2 12.30 pm). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 John Dunn (S). 7.00 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) (cont. on VHF). 2.03 Wimbledon including 2.30 Waggoners' Walk. 7.02 On the Third Beat (S). 7.30 Sports Desk. 7.33 Folk 79 (S). 8.02 Nordring Festival 1978 (S). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 Variety Club. 11.02 Brian Matthew with Round Midnight, including 12.0 News. 2.02-5.00 am You and the Night and the Music with Jan Leeming (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture, part 1 (S). 8.00 News. 8.05 Overture, part 2 (S). 9.00 News. 9.05 This Week's Composer: Mendelssohn (S). 10.00 Bach harpsichord recital (S). 11.25 Britten and Searle song recital (S). 12.15 pm *Cardiff Midday* Prom, part 1 (S). 1.0 News. 1.05 The Arts Worldwide. 1.20 Cardiff Midday Prom, part 2 (S). 2.00 Go West, Young Man, talks by Alistair Cooke (S). 2.40 In Partnership. 3.35 Music for Wind (S). 4.55 Jazz Today (S). 5.25 Homeward Bound (S). 5.45 News. 5.50 Homeward Bound (S). 6.15 At Home (S). 7.10 A Musical Ramble (S). 7.30 French Lute Music (S). 8.00 Muti Conducts Tchaikovsky, part 1 (S). 8.35 John Sparrow On Visited (talk by John Gardner). 9.05 Muti Conducts Tchaikovsky, part 2 (S). 9.50 Chinese Education Reborn. 10.20 Schubert chamber music concert (S). 11.15 Bach Cantatas (S). 11.55-12.00 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Local Time. 10.20 Daily Service. 10.45 Morning Story. 11.00 Thirty-Minute Theatre (S). 11.30 Sideways Look At... 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.30 Desert Island Discs. 12.55 Weather: programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Plays (S). 3.50 Questions to the Prime Minister. 4.35 The Adventures of Harry Richmond (S). 4.40 Announcements. 4.35 Story Time. 5.0 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather: programme news. 6.00 News. 6.30 Quote ... Unquote (S). 7.00 News. 7.05 The Archers. 7.20 File on 4. 8.00 Libel (S). 8.45 Science Now. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Lines from my Grandfather's Forehead. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 All That Jazz. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time. 1.05-5.00 As Radio 2.

London Broadcasting

5.00 am Morning Music. 6.00 The AM Show. 10.00 Brian Hayes. 1.00-8.00 pm LBC Reports with George Gale at 3.00. 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Open Line (S). 9.00 Your Mother Wouldn't Like It (S). 11.00 Late Show (S). 2.00 am Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,011

ACROSS
1 Shot about everybody for a vegetable (7)
5 Detail soldiers to number (7)
9 Monarch who should have the measure? (5)
10 Able to devise in opening I've to follow (9)
11 Literary work just providing sustenance and gas-ring (3-6)
12 Unfit in eastern exercises (5)
13 Sound of a wind instrument full of rushes (5)
15 Precious metal stick seen in the garden (6-3)
18 Polar cat in cart possibly (9)
19 Put it back to young animal to unload (3, 2)
21 Ring a little sister in a fertile spot (5)
23 Act with internal anger before us and it could be unsafe (9)
25 Genuine direction in line I see (9)
26 To employ and dishevel (5)
27 Bird accepts pole from jailer (7)
28 Light from the French northern sea-bird (7)

DOWN
1 Fiddler has to fight with hesitation (7)
2 All love men in race plot (9)
3 Slow but right in gaol upset (5)
4 Follow window seen at back of vehicle (4-5)
5 Rambler gets right on top (5)
6 Satisfied to be around in land (9)
7 *It's some fun, I tell you, to* get together (5)
8 Dealt with note in measured pace (7)
14 Measure that could be a 9 (9)
16 The French figure coming to a point could be very brief (9)
17 Make a copy of professional entering to slim (9)
18 A cat one way or a scientist (7)
20 Send eastern sailors to the back entrance (7)
22 Cobbler is to put us up on hill (5)
23 Clean your head—it's dirty (5)
24 Threatening partially to be taken in (5)

Solution to Puzzle No. 4,010

S	U	P	P	E	R		T	R	I	A	L	L	E	
V	I	O	L	A	T	E		R	I	P	O	S	T	E
M	E	R	C	H	A	N	T	R	Y		S	T	A	R
P	A	N	I	C		G	A	I	N	S	A	I	D	
S	U	R	P	R	I	S	E							
S	O	L	E		C	L	E	R	E	S	T	O	R	Y
C	A	R	A	V	A	N		L	E	G	G	I	N	G
E	X	E	M	P	T		S	T	O	R	M	Y		

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards 240 5258. Reservations 836 3161. Until July 14. PEKING OPERA. Evgs. 7.30. Mat. Sat. July 7 at 2.30. A magnificent spectacle of dance, drama, acrobatics, comedy, mime and sumptuous costumes, dazzling colour. A unique entertainment.

COLISEUM. Credit cards 240 5258. Reservations 836 3161. ENGLISH NATIONAL OPERA. Season opens Aug. 8.

COVENT GARDEN. CC. 240 1066. (Gardencharge Credit Cards 836 6903). THE ROYAL OPERA. Tomorrow & Sat. 7.30 The Rake's Progress. Fri. 7.30 Salome. Mon. 7.30 Cavalleria Rusticana/Pagliacci. 65 Amphi seats avail. for all perfs. from 10 am on day of perf.

GLYNDEBOURNE. 0273 812411. Sold Out except possible returns. Thurs., Sat & Mon at 5.10. Cosi Fan Tutte. Fri & Sun at 5.30. Die Schweigsame Frau with the London Philharmonic Orchestra.

SADLER'S WELLS THEATRE. Rosebery Ave. EC1. 837 1672. Until July 21. BALLET RAMBERT. Evgs. 7.30. Until Sat.: The Tempest.

WESTMINSTER. 834 0283. THE MUSICAL THEATRE COMPANY. Company includes Chris Booth-Jones, Fiona Dickson, Rosemary Jenner, Thomas Lawlor, Martin McEvoy, Petrie Summers. Alison Truelove. LIMITED SEASON.

THEATRES

ADELPHI THEATRE. 01-836 7611. JOHN INMAN in CHARLEY'S AUNT. "Laughs flow freely." N. of World.

ALBERY. From 8.30 am incl. Suns. 836 3878. CC bookings 836 1071-3. Evgs. 7.45. A THOUSAND TIMES WELCOME IS LIONEL BART'S OLIVER.

ALDWYCH. CC. 836 6404. ROYAL SHAKESPEARE COMPANY in repertoire. ANTONY AND CLEOPATRA.

AMBASSADORS. CC. 01-836 1171. DAVID BURNS. BODIES by JAMES SAUNDERS.

APOLLO THEATRE. 01-437 2663. FIVE STAR Eleanor BRON. JULIA FOSTER in HAPPY BIRTHDAY.

ARTS THEATRE. 01-836 2132. TOM STOPPARD'S DIRTY LINEN.

ASTORIA. Charing X Rd. CC. 01-734 4291. LIVE ON STAGE! "GREASE". "ENERGY, VITALITY AND SHEER EXUBERANCE."

BOULEVARD THEATRE, Walkers' Court, Brewer St. W1. 437 2661.

CAMBRIDGE. 01-836 6056. "THE HIT BROADWAY MUSICAL CHICAGO." A SUPERB EVENING OF ENTERTAINMENT.

CHICHESTER FESTIVAL THEATRE. 0243 781312.

COLLEGIATE THEATRE. 01-387 9629. Tom Stoppard's ... The British American Repertory Company.

CRITERION. From 8.30 am incl. Suns. 930 3216. CC. 836 1071-3. IAN McSHANE. TOM BELL in 3rd YEAR.

DRURY LANE. CC. 01-836 8108. A CHORUS LINE.

DUCHESS. 01-836 8243. OH! CALCUTTA!

FORTUNE. 836 2238. AGATHA CHRISTIE'S MURDER AT THE VICARAGE. FOURTH GREAT YEAR.

GARRICK. CC. 01-836 4601. DENNIS QUILLEY in IRA LEVIN'S NEW THRILLER DEATHTRAP.

GLOBE THEATRE. CC. 01-437 1592. ALAN AYCKBOURN'S JOKING APART.

GREENWICH THEATRE. CC. 01-858 7755. SIX CHARACTERS IN SEARCH OF AN AUTHOR.

HAYMARKET. CC. 01-930 9832. KEITH MICHELL. SUSAN HAMPSHIRE. THE CRUCIFER OF BLOOD.

HER MAJESTY'S. CC. 01-930 6606. AIN'T MISBEHAVIN'.

KING'S HEAD. 226 1916.

LYRIC THEATRE. CC. 01-437 3686. PATRICIA HAYNES in FILUMENA.

MAYFAIR. 629 3036. A DAY IN HOLLYWOOD A NIGHT IN THE UKRAINE.

NATIONAL THEATRE. 928 2252.

OLD VIC. 928 7616. HAMLET.

PALACE. CC. 01-437 6834. JESUS CHRIST SUPERSTAR.

PALLADIUM. 01-437 7373. YUL BRYNNER in THE KING AND I.

PHOENIX THEATRE. CC. 01-836 2294. NIGHT AND DAY by TOM STOPPARD.

PICCADILLY. 437 4506. EVITA.

PRINCE EDWARD. CC. 01-437 6877. EVITA.

PRINCE OF WALES. CC. 01-930 8681. BEDROOM FARCE.

QUEEN'S THEATRE. CC. 01-734 1166.

RAYMOND REVUEBAR. CC. 734 1593.

ROYAL COURT. 730 1745.

ROYALTY. CC. 01-405 8004. BUBBLING BROWN SUGAR.

ST. MARTIN'S. CC. 836 1443. AGATHA CHRISTIE'S THE MOUSETRAP. WORLD'S LONGEST-EVER RUN. 27th YEAR.

SAVOY THEATRE. 01-836 8888. WHOSE LIFE IS IT ANYWAY?

SHAFTESBURY. CC. 836 6596. GODSPELL.

STRAND. 01-836 2660. NO SEX PLEASE—WE'RE BRITISH. LONGEST-RUNNING COMEDY IN THE WORLD.

TALK OF THE TOWN. CC. 01-734 5051.

VAUDEVILLE. 836 9988.

VICTORIA PALACE. CC. 01-828 4735.

WAREHOUSE. Donmar Theatre.

WESTMINSTER. 01-834 0283.

WHITEHALL. CC. 01-930 7765.

WINDMILL. CC. 01-437 6312.

WYNDHAM'S. 836 3028.

YOUNG VIC. 928 6363.

CINEMAS

ABC 1 & 2, SHAFTESBURY AVE. 836 8861.

CAMDEN PLAZA.

CLASSIC 1, 2, 3, 4, Oxford Street.

CURZON, Curzon Street, W1. 499 3737.

ODEON LEICESTER SQUARE. 930 6111.

ODEON MARBLE ARCH. 723 2011.

PRINCE CHARLES, Leic. Sq. 437 8181.

STUDIO 1, 2, 3, 4, Oxford Circus. 437 3300.

Television

Still photos

by CHRIS DUNKLEY

The rarity with which television uses still photographs has always been surprising. However often we are re-shown familiar newsreels or other moving pictures (Chamberlain returning from Munich, Bannister running the four-minute mile), they never seem to acquire the impact and memorableness of the most powerful still pictures. No newsreel could replace the image of the naked napalmed child on Vietnam's Highway 1, the picture of the Queen smiling through the raindrops of the coronation coach, or the photograph of the dead child in the policeman's arms at Aberfan. Yet television generally ignores still photographs.

Thus it is particularly worthy of note that ITV is now running a 13-part series on still photographs, and that BBC1's "Omnibus" recently used stills as the central visual element in John Berger's programme about peasant life, *Pig Earth*.

The series called *Camera* about the early history of photography comes from Granada and is produced by two of the best people in the business: Maxine Baker whose work on visual archive material commands more respect than almost anyone's, and Gus MacDonald, former editor of *World In Action*, who set out to make a series about the history of documentary films and found he virtually had to do still photography first.

In view of their reputations the series so far has been somewhat disappointing, though not for any central reasons of approach or structure but because of niggling annoyances: the music is so odd, intrusive and didactic that it actually distracts from the pictures; no rule has been made about always showing a picture in its entirety as the photographer intended it to be seen before allowing or telling the rostrum cameraman to impose a different view by picking out details; there is a suspicion that by taking the rôles of both producer and presenter MacDonald may have sacrificed some of the rigour and ruthlessness which he would normally be the first to expect from any factual series. Worst of all there is a feeling that much information is being withheld; some pictures tantalisingly are just not explained at all.

Yet the series does seem to be improving as it proceeds and it does benefit greatly from MacDonald's powerful combination of curiosity and scepticism. His explanations of the re-positioning of bodies on the battlefields of the American War of Independence for the sake of the cameras, and of Dr. Barnardo's re-creation (and even creation) of pathetic looking waifs for the cameras were healthily iconoclastic and tacitly if not explicitly relevant to the exploits of some of today's less scrupulous makers of television documentaries. The sheer wealth of researched material—which is presumably just the tip of an iceberg—is almost unnerving.

Near the start of *Pig Earth* (which was produced by Michael Dibb) John Berger, with all the marvellous incisiveness one remembers from *Ways of Seeing*, went far towards explaining the potency of stills by remarking that when we look at a moving film we live in the period of that film, but when we look at a photograph, however recent, we are looking at a moment from the past.

His programme sprang from the premise that there will be a radical transformation of the world in the 1980s when, for the first time, inhabitants of cities will start to outnumber peasants. The programme, following his book of the same name, was Berger's response to his own question "What constitutes peasant experience?" with the pictures, taken by Jean Mohr, complementing Berger's verbal answers.

And how wonderfully clear those answers were! With deep sympathy but no false sentiment Berger talked about peasant feeling for the land, for animals, for climate, for words, for ideas. And never once did he even begin to slip into the jargon of sociology lecturers. Whether describing a goat or an intellectual construction his language was as clear and specific as Bertrand Russell's.

Pig Earth proved again that Berger is one of the precious few geniuses to have turned up on television, and someone should persuade him to work in the medium more often. The stills he presented communicated a lot but his insight conveyed far more.

The Kodak 'Brownie' that could be worked by 'man, woman or child'—an early example of its use featured in 'Camera'

Waddington Galleries

Patrick Caulfield and others

by WILLIAM PACKER

Patrick Caulfield is one among a fair number of figurative painters who, having emerged into some sort of reputation in those so exciting early Sixties, has continued to do very nicely, thank you, ever since, enjoying not only the respect of his fellow artists (and these are jealous times), but also a gratifying demand for the things themselves. The awkward fact that such practical supporters are likely to be either institutional or foreign, and probably both, is not for the moment the point: it is enough to say that though official thanks are less than grudging, and no artist yet has won the Queen's Award for Industry, foreign exchange is always useful to the economy.

But it is worth remarking in connection with Caulfields, for no better reason than that he is showing at the moment (at Waddington Galleries until July 28), that his career, along with those of his peers, demonstrates that there never was, and is not now, a general threat to representational painting. Two decades that in this country alone have seen him active, and Lucian Freud, Frank Auerbach, R. B. Kitaj, David Hockney, Francis Bacon, Peter Blake, Allen Jones and Michael Andrews, can hardly be said to constitute a period of crisis: difficult at times, perhaps, but never exactly desperate. Many names may be added to the list, all of them producing work that not even the most myopic philistine could consider incomprehensible or even problematical. The lack of general public acknowledgement of our visual artists is neither critical nor official but a social problem.

In itself, however, Caulfield's work does show signs of a problem or two, and these relate to the kind of artist he is, the pattern of his career and the nature of his first reputation. Above all else he is and ever has been a stylist, and indeed at heart the problem would seem to be that even now, nearly 20 years on, he is still the prisoner of the stylistic coup by which he first surprised us. For the stylist, whoever he is, all too soon after that first imaginative demonstration, becomes stuck with his style, *which is to say the selection and manipulation* of particular material, and eventually, though the variations might be infinite, individually they soon begin to pall. What should the artist do? He may change the scale on which he works, manipulate colour and tone, fiddle with the composition: or at last he might even bring himself to try something new.

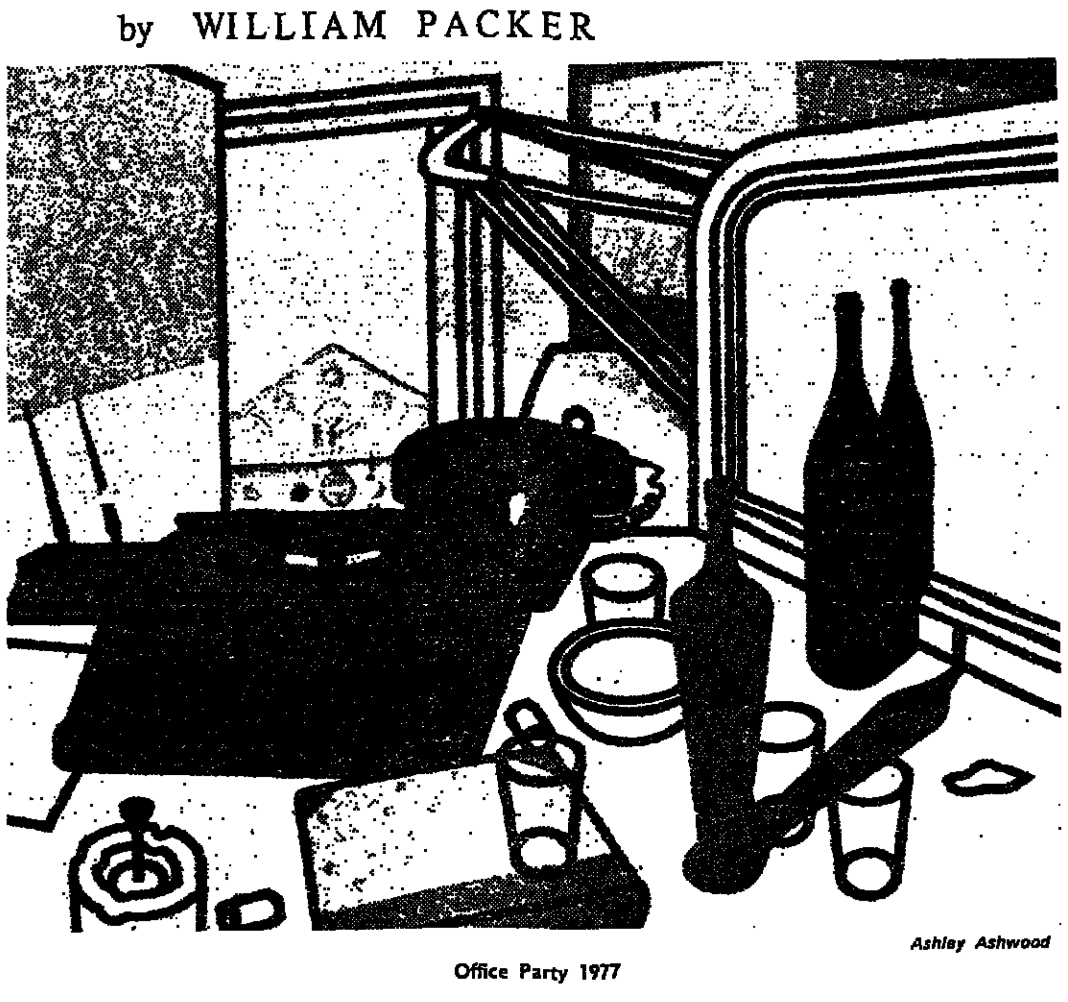
The *kitsch contemporary* icon has served Caulfield well for years, the ghastly modern pot, the souvenir ash-tray from Benidorm, the formica-furnished cafe and the Indian restaurant with it astonishing wall-paper and blown-up colour photograph of Lake Lucerne. Cool, dispassionate and ironical, *simplified* with elegance and the nicest of judgments, his images remain with us long after that first shudder of awful recall has passed, dignified and even beautiful. Treated with the reverence accorded the ancient utensil in its glass case, the unregarded domestic object too becomes remarkable, and not in any sense of social comment but simply as Art.

But, the point made, there is small virtue in endless repetition, even for an artist of Caulfield's delicacy and refinement; and it does seem from this most recent work that slowly, very slowly, he is bracing himself to try something new at last. Only the big toe is in the water yet, but the thought is there.

And so there are transitional paintings, unsurprising, carrying all the marks of the familiar hand, the simple, confident black line, flat pattern against flat colour, and all describing the ordinary impedimenta of daily life in office or kitchen; but several things have begun to happen. The imagery itself is now denser and more complex, crowding up in certain cases to the picture-plane; the objects shown are presented less for their own sakes than for the pictorial space they inhabit and inform; and the paintings themselves are, with one exception, smaller than we might have expected, and rather awkward.

Most interestingly of all, Caulfield *has continued the move* he made with his last show back to the trompe-l'oeil illusion, evidently based on photographic references and deployed as it were a collage element in the design, and a selective interest in the quality of the paint itself. Thus it is now the natural incongruity between the elements in the work itself, both in terms of technique and subject-matter, not with simple subject, that now fixes the attention: and with it creeps in a truly surrealistic frisson that is close in spirit to the metaphysical ambiguities of Magritte and de Chirico. It is good to see an artist of Patrick Caulfield's calibre and potential inching his way clear of the ropes at last.

Complementing this intriguing show, in the gallery next door and for no better reason than that Leslie Waddington had the work available, is an admirable selection of drawings from the figure, and imaginative projects upon it, by Henry Moore, covering some 30 years from the late 'twenties to the late 'fifties. And they demonstrate with a most effective economy that Moore too is nothing if not a figurative artist. They also show just how good a figure draughtsman he was as a young man, for with perhaps two exceptions those shown here are not even among his very best, and yet they are still remarkable. One of the exceptions, of two figures from the back *with arms out*-stretched, dating from 1927, would have demanded a visit shown quite alone. Only by drawing the figure repeatedly, unselfconscious and obsessive, can the artist come to terms with it and use it, a self-evident truth which we have been inclined to ignore in recent years, to the creative impoverishment of an otherwise talented generation. These early drawings, so unaffectedly practical, so emphatically sculptural in their preoccupation, are an object lesson that bears infinite repetition.



Ashley Ashwood

Office Party 1977

Festival Hall

Babi Yar

by NICHOLAS KENYON

The full resources of the symphony orchestra are more convincingly marshalled in the support of the State than in criticism of it. Patriotism sounds better in the form of a massive *tutti* than does protest. Yet in this century there have been some attempts to criticise established régimes in both East and West through the medium of large-scale musical works. There is no more powerful and bitter work among this small group than Shostakovich's Thirteenth Symphony, which sets texts by the Soviet poet *Yevtushenko*.

Shostakovich maintained (and Yevtushenko maintains) an uneasy relationship with the Soviet Government: Krushchev criticised this symphony even before it had been performed, the poems were not printed in the programme at the premiere, in December 1962, a subsequent performance was discreetly cancelled, and only a couple more *hearings have been provided in* Russia. Yet poet and composer did consent to a tiny change, which removed from Soviet officialdom the general accusation of anti-semitism in "*Babi Yar*"—capitulation, or a harmless gesture to ensure the work's survival? Either way, Shostakovich's grand enlarge of the poet's miniatures has not really gained their grim accusations a wider circulation in the West.

For the Symphony's forces—large orchestra, male chorus and baritone soloist—are substantial enough to deter many performers, so it was a bold and imaginative choice of work with which to conclude André Previn's tenure of the LSO Principal Conductorship. More a cantata than a symphony, the work only manages passing allusion to symphonic movements and form—a desperately unfunny, lumbering scherzo called "Humour," and a pair of linked slow movements. These latter are the work's most affecting sections: "At the Store" in particular conjures up a bleakness and desolation from Yevtuskenko's simple narrative of work-weary Russian women queuing for food which chills the soul.

Elsewhere, Shostakovich's music is too demonstrative and sometimes too merely exciting for the good of the texts, and one feels only unease at the lavishness of the means for the seriousness of the ends. The first section, "Babi Yar," which has given the symphony its title, is unrelentingly depressing (the text has more to it than *this, I think*); and the last "A Career" fits oddly onto the whole, its meditation on the creative life is too personal to sit comfortably in its new setting.

The cynical might have applied the final words about successful careers to the evening's conductor. Here is not the place for an assessment of Previn's long and in some ways *highly successful* period with the LSO (which is not over: when Abbado takes over in the autumn, Previn will be Conductor Emeritus, whatever that means); but it must be said that he controlled the vast bulk of this Shostakovich Symphony with a firm, easy communication, clear in its content; he was never at a loss for the telling, effective gesture. (Dimiter Petkov, the bass—who can also be heard on the new Shostakovich opera recording, *Lady Macbeth of Mtsensk*—sang with magisterial authority and the LSO chorus men growled well.)

On the other hand, the orchestra did not play with any special distinction; and before the interval they gave an account of the Debussy *Images* which was utterly flat and lifeless: a glittering play of light on water turned into a grey shadow over a muddy pond. Probably only a pre-recording run-through; but we will want to remember Previn and the LSO by far better things.

Elizabeth Hall

London Chorale by DAVID MURRAY

Everything in the London Chorale concert on Saturday was admirably prepared, and winningly rendered under Roy Wales' direction. I assume that the English Concert Orchestra who appeared with them are a *fairly ad hoc assemblage*, but they began the evening with a most delicately turned "Fingal's Cave" Overture, its tunes in woodwind-octaves sounding deep and plangent. They were no less poised in Fauré's *Requiem* than in the Mendelssohn, justifying the composer's later, richer scoring (the original added to the basic organ only harp, solo violin and three trombones).

The Chorale made no attempt to produce a French *timbre* in the *Requiem*, but they struck exactly the right combination of calm, long-lined legato with discreet dramatic urgency in the rare passages which imply it. Mr. Wales' tempi seemed to me impeccable—always unhurried but never sentimentally drawn out—and he knew how to touch the small, inspired harmonic surprises in the score without bending the line unduly. The baritone Roderick Earle was a model soloist, conveying virile piety without religiose mannerisms nor unstylish militancy; all his declamation was bracingly direct, and yet he never broached the limits of the essential Fauré *pudeur*. In lieu of a boy treble, Gillian Fisher's clear soprano was well found in the "Pie Jesu." A lovely performance; I only resented the programme-description of the *Requiem* as Fauré's "supreme achievement"—in the 37 years that followed it he wrote all his song cycles, all his best piano music and his grandest chamber music.

We had also the première of David Bedford's *Of Beares, Foxes and many, many Wonders*. Inspired by a chapter of the 1625 "Hakluytus Postumus or Purchase his Pilgrimes" which recounts the enforced Arctic winter spent by William Barents' crew, seeking a North-East Passage, when their ship was caught and crushed by ice near Novaya Zemlya, it is a graphically effective score. Bedford conjures appropriately ominous and evocative sounds from his modest forces (besides strings, only woodwind trio, trumpet and percussion), and the choral narration is robustly in the manner of *Belshazzar's Feast*. If the trick of floating a Renaissance sound-vision (here a Praetorius hymn) over a modern texture is not new, it comes aptly and strikingly as the stranded men pine for the absent sun. Bedford's thematic material is coherent, though unmemorable, and the dramatic concision of the two movements compels respect.

Rome exhibition

The City of Cinema

by WILLIAM WEAVER

In the years immediately after the Second World War there were so many American film stars, directors, producers, and hangers-on in Rome that the *Rome Daily American* ran a regular gossip column entitled "Hollywood on the Tiber." Then Italian inflation became prohibitive, Italian labour—including extras—became organised (and exorbitant); and American productions moved on to Spain, to Yugoslavia, and finally back to Hollywood, California.

That brief, glittering period is documented in a fascinating exhibition currently installed in Rome's vast Palazzo edile Esposizioni in Via Nazionale. Covering the entire ground floor of the building, the show—called "La città del cinema" (The city of Cinema)—illustrates the rôle played by Rome in the history of Italian, and to some extent non-Italian, cinema.

You enter the building, pay the modest admission fee (L500), and follow the arrow to the left, where you are immediately *arrested by a small* screen, playing excerpts from the very earliest silent films made in Rome: a spectacular *Ben Hur*; a film starring Maciste, the first muscle-man hero; Francesca Bartini, super-vamp, driving some poor man insane. A whole room is devoted to *La canzone dell'amore*, produced by S. A. Pittaluga in 1930. This was Italy's first feature-length sound film. Before its public opening, on October 8, 1930, it has been seen privately by the Duce, who had "expressed his lively satisfaction," according to the papers. The Rome showing was preceded, at the Supercinema, by Italy's Royal March and the Fascist anthem "Giovinezza" played on a sound-track and received by "loud and prolonged applause."

The review of the occasion in the *Messaggero* concluded: "The victory was such . . . as to allow one to predict that the Cines (producers) tomorrow will be able to fill the vast cinema field with many works of art."

Not all the films made in the 1930s and early 1940s were works of art, but many of them were artistic, and the Rome show attaches due importance to the activity of art directors at that time, architects like Guido Fiorini, Antonio Valente (who designed the buildings and the interiors of Cinecittà, Rome's Government-sponsored studio), and the Futurist Virgilio Marchi. Marchi's most important film was probably *La corona di ferro* (The iron crown), a fable directed by Alessandro Blasetti in 1940. The architect's designs for this film are on display, and so are some of the ingenious artefacts he conceived.

Colourful posters illustrate the explosion of Italian films at the end of the war, including the splendid comedy *Un americano a Roma* (An American in Rome), starring the young Alberto Sordi. There are sections devoted to individual directors—Rossellini, De Sica, Lattuada, Visconti, Fellini—and to the often adventurous producers behind them.

The Visconti section is of particular interest, demonstrating his difficult start, under the restrictions of the Fascist regime. His project for a film based on Elio Vittorini's *Uomini e no* was rejected. He also tried *Billy Budd*, and Pavolini, the Fascist Minister of Culture, wrote, in a private report: "Melville is one of those writers who are considered 'classics,' but he's an American all the same. . ." This project was also turned down, and there was *considerable opposition also to* the planned *Palude* (Swamp), which Visconti finally was allowed to make: it was the film later called *Ossessione*, and the show some rare photographs of the shooting of the film.

Rooms filled with mannekins indicate the ingenuity and skill of costume designers, from prewar films like *Waterloo* to Piero Tosi's (and Visconti's) *Ludwig*. There are rooms showing paste jewellery, wigs, shoes (lots of Roman boots, probably from *Cleopatra*). A life-size saloon commemorates the heyday of the spaghetti Western. And there is a splendid "mythological" section, a kind of underground temple, with gong, braziers, and other elaborate decoration. Here, too, a screen show bits of film. As I came past, a young lady on a burnished throne was saying to a young man dressed only in breech-clout and olive oil: "You have no idea of the plague that has struck my kingdom." His blank look confirmed her statement.

Film music accompanies the visitor, who at one point hears also a sound-track of famous one-liners from "comedies—Italian style." The show is compendious, instructive, amusing, and steeped in nostalgia.

Covent Garden

José Carreras by RONALD CRICHTON

Carreras is one of the top opera singers of the day and one of the best—a lyric tenor with a voice of great natural beauty, well schooled, not large but *perfectly well able to pro*ject in a large house. His platform presence is engaging, modest and sympathetic, discreet even on the rare occasions when he pulls out the stops. It is not surprising that he should have drawn a large, appreciative audience on Sunday night for his first recital at Covent Garden.

What else is there to say? *These celebrity concerts do not* differ greatly from one another. Singers from Southern Latin countries have, or think they have, smaller repertories than German-speaking ones since with rare exceptions the field of German Lieder is closed to them. There remains what German singers cannot always give—the unalloyed pleasure of hearing a beautiful instrument deployed in music that may have little other recommendation than being well written for the voice.

Carreras sang some Handel fluently and three *ariette* of Bellini in a way that made one realise that they are not less than the lesser efforts of the great Germans. He sang arias from Bellini's *I Capuletti e i Montecchi* (more recognisable as *Romeo and Juliet* and from Rossini's *La pietra del paragone*. It was one up to him that he chose these and not more obvious pieces. He sang a group of Tosti, who combined a gift for unfailingly singable lines inherited from the age of bel canto (he was a pupil of Mercadante) artfully presented in a mixture of Neapolitan popular and Edwardian drawing-room style—when they are done as well as this they are not to be despised.

He sang some early Fauré in erratic French (many Spanish singers pronounce the language less well, but there were curious confusions between the single and plural definite articles). Tosti is said to have greatly admired Fauré, though Mr. Carreras made it appear as though the admiration was the other way around. He finished (encores apart) with some Spanish trifles by Obradors which might have seemed less trifling if the pianist Eduardo Müller had given more body to the accompaniments.

A decent programme as they go. *By the end of it the singer* had earned the right to give his fans what they wanted and accordingly obliged with "Core 'ngrato," some Puccini, and so on. There are signs that Carreras intends to move to a heavier repertory—good luck to him, but he should not forget that good lyric tenors are every bit as rare and precious as the heroic kind.

Sabbatical for Stuart Burge

As from August 1 Stuart Burge will take sabbatical leave from the Royal Court Theatre and will direct D. H. Lawrence's *Sons and Lovers* for ATV in a version for television by Trevor Griffiths.

In his absence Max Stafford-Clark will take over as artistic director.

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The sterling dilemma

TWO EVENTS yesterday underline the growing urgency of the new sterling problem—the excessive strength of the currency. The monthly report on the economic situation published by the Confederation of British Industry showed a sharp increase in worries about future competitiveness; in spite of buoyant order books for home and export delivery at the moment, industrialists are now fearing the kind of obstinate recession foreseen by the Treasury and many independent forecasters. At the same time the rise in sterling accelerated again, to bring its rise since the Budget to 4 per cent.

Temporary

The basic causes of this performance are three. At bottom, the rising comparative advantage of possessing North Sea oil would make sterling strong under any likely circumstances. Within limits this result, which results in improved terms of trade and lower inflation, is part of our good fortune, though industries exposed to especially severe competition may find it hard to see it in this way. In addition, the need—it is to be hoped that it is a strictly temporary need—for high nominal interest rates greatly increases the attraction of sterling for foreign investors.

However, in one respect the damage to British competitiveness is a purely self-inflicted wound. We have listed two factors attracting foreign capital inflows—which may be partly temporary. These could be balanced, in part at least, by outflows of British capital, leaving the exchange rate stable.

Cautious

In fact, of course, such inflows are still strongly inhibited by exchange controls left over from the era of sterling's persistent weakness. It is said and surprising that a government avowedly believing in market forces should be moving so cautiously in dismantling these outdated defences. It is now becoming clear that the delay would also do severe and lasting damage to the British productive economy. The history of all the major fluctuations since currencies were generally floated in 1971 suggests that market forces tend to produce excessive initial adjustments before an equilibrium is found; policy should be aimed to damp down the fluctuation now taking place, not to amplify it.

The main controls affect three potential flows: the flow of currency to finance direct investment abroad by UK companies; the financing of foreign trade by UK financial institutions; and portfolio investment.

Since the Budget only direct investments up to £5m are fully liberalised. It is absurd in present circumstances that any British company which may wish to use its UK cash balances to finance foreign activities should be forced to borrow money abroad for the purpose—though companies may well decide to do so for prudential reasons. It is absurd also that only merchants have been allowed to resume the trade-financing activities which had to be suspended during the sterling emergency of 1976. It is apparently feared in Whitehall that these flows may be "unstable."

Lesser risk

The mere fact that sterling's movement is consistently upwards does not mean that an appreciation of over 1 per cent a month is anything other than unstable and destabilising. Slightly bigger risks might be involved in abolishing portfolio controls; but they still appear smaller than the risks involved in not doing so. The Government professes the right principles: it should act on them.

It must be admitted that there is no guarantee that in present circumstances even a full liberalisation of capital movements would take the pressure off sterling: but at least it could then be said that the pressure reflected market forces rather than an administrative contrivance. Only then could it be judged rationally if the very doubtful case for opposing market forces by currency intervention should be re-examined.

Experience suggests that intervention matched by extra funding—as is necessary to preserve monetary control—has little effect on exchange rates; but intervention in the forward markets might be more affective. In the longer run, reduced public sector demand for credit, through spending cuts and higher North Sea revenues, should ease market conditions and the demand for foreign capital. But the one quick measure to relieve immediate pressures and so reduce the damage to UK trade is the one the Chancellor has so far hesitated to take: dismantle exchange controls, now.

A challenge for the Post Office

JUST AS the Post Office was revealing yesterday that the millions of unsorted letters that have accumulated over the last month of postal disruption are at last being cleared, Sir Keith Joseph was announcing in parliament an urgent investigation into the possibility of abolishing the postal monopoly. Although opposition MPs expected Sir Keith's announcement to "enrage postal workers" he was right to mount his investigation, even if the current difficulties are near resolution. Sir Keith is unlikely to come up with any real alternative to a postal service run broadly as a monopoly by the public sector. But his investigation will be valuable if it brings into the open some of the serious inadequacies of the postal service, the work practices in it and the defeatist style of management which has for years stressed ... rather than high standards of service.

Poor service

An analysis of the causes of the postal service's poor performance may help the unions and management, with the minimum of government interference, edge towards a solution. That productivity needs to be improved is admitted by all sides—even by the UPW's leaders. After all, their own members are the main victims, through low wages, exceptionally long hours and a six-day basic week, of the Post Office's inefficient work practices. But productivity can be increased either by cutting manpower and maintaining existing services or by improving services with existing manpower. Could the Post Office management secure its workers' backing if it committed itself to the latter course?

In January this year the UPW's leadership agreed to a number of important productivity proposals which could have laid the foundation for a revival of the postal service. The agreement covered, to a limited extent, such issues as the employment of part-time staff during the summer, the gradual introduction of work measurement and the occasional diversion of mail between sorting offices to prevent the log-jams which cause many of the service's frequent delays, and also account for the huge demand for overtime in some areas.

In May the men repudiated these agreements and rewarded their leaders with a censure motion, for "bringing the union into disrepute." It may be that the UPW's membership is irretrievably pig-headed, in which case the Post Office's only option will be eventually to take them on in a protracted fight. This would produce immense disruption and probable defeat for the postmen, as it did under the Heath Government and in Ireland this year.

But there is another, more hopeful, possibility. The UPW executive has said publicly that the productivity conditions that were attached to the January pay agreement were "little more than window dressing" for the benefit of the government's pay watchdogs, who were at that time still active. Now the Post Office can demand genuine productivity improvements and offer genuine increases in real wages. Of course the pay increase must not absorb all the benefits of a productivity improvement, but *there is no point in pretending* that productivity can be bought with purely nominal pay increases which only just keep up with inflation.

Quagmire

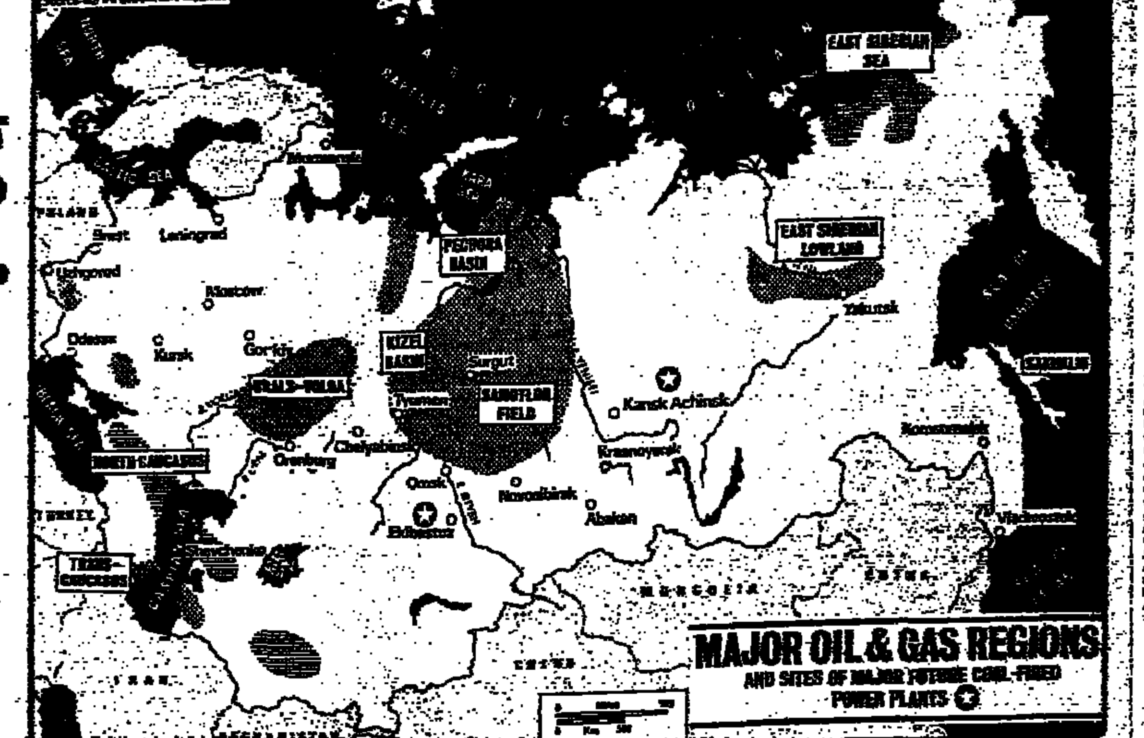
The moderates in the UPW may still be interested in raising productivity, in exchange for better wages and working conditions. This year's round of negotiations between the UPW and the Post Office is not yet complete, since the workers are now coming back to management with a demand for a top-up to raise their pay increase to the level of 15 to 17 per cent won by most telecommunications workers.

The Post Office must now insist on the reinstatement of some at least of the productivity clauses originally accepted by the UPW leadership and it must be prepared to make genuine concessions on pay, on the expansion of services or on the 6-day week in return. This summer must see the first step along the road to better working practices, leading away from the quagmire of low productivity, poor service and low wages in which the Post Office is now stuck.

Eastern bloc energy under pressure

The looming Soviet factor in the world oil equation

BY ANTHONY ROBINSON, EAST EUROPE CORRESPONDENT



A KEY factor in the world energy equation was conspicuous by its absence at both last week's energy summits in Geneva and Tokyo.

That factor was the Soviet Union—the world's largest producer of oil and coal and fast catching up with the United States in the production of natural gas.

But Comecon also faces an energy squeeze in the 1980s and Comecon's own energy summit in Moscow last week drew roughly the same conclusions as the West about the need to push ahead at full speed with an accelerated nuclear energy programme and an oil and gas conservation programme.

Annual Soviet oil output is currently in excess of 11m barrels daily—as against 8½m for Saudi Arabia. Some 3m barrels of this total is exported, split roughly 55/45 between Comecon and western or hard currency markets. *This year* the Soviet energy industry is scheduled to produce 593m tons of oil, 404bn cubic metres of gas and over 750m tons of coal—plus hydro- and nuclear-generated electricity.

In spite of this vast output, however, the Soviet Union will not be able to satisfy its own growing energy needs plus those of its Comecon partners in the 1980s and still maintain a margin for export to the hard currency areas which is vital if it is to earn the foreign exchange required to import the sophisticated oil and gas equipment it needs from the West.

Taken together, the prospect of a) increasing East European demand for OPEC oil, b) Soviet demand for western oil and gas equipment and c) East-West co-operation in the development of Soviet energy resources, seems certain to ensure that in future the Soviet factor will impinge with ever-increasing weight in global energy discussions.

Note of urgency

As far as Western Europe in particular is concerned, the potential for East-West co-operation in energy matters looks like injecting a new note of urgency into the hitherto desultory negotiations for closer co-operation between Comecon and the Common Market. Significantly, last week's Comecon energy summit closed with the request for an urgent meeting with the Common Market authorities to try to speed up the pace of negotiations.

Although the Soviet Union is not a member of OPEC it has consistently supported OPEC demands for higher energy prices and has indeed been a major beneficiary of them.

But neither the Soviet Union nor its Comecon partners have come unscathed through the Iranian troubles which contributed to the current OPEC price rise. Closure of the IGAT 1 gas pipeline between Iran and the Soviet transcaucasian republics caused Georgia, Azerbaijan and other southern republics to freeze last winter. Possible Iranian abandonment of the complex gas switch operation under which Iranian gas was to be piped to the Soviet Union through the proposed IGAT II pipeline, while Soviet gas was piped to Western Europe, is another major headache. Cutbacks in Iranian oil shipments have also badly hit the oil import plans of Romania, Czechoslovakia and other Comecon countries, which are being forced to diversify their oil import sources as a result of Soviet reluctance to increase Soviet oil sales to them in the 1980s.

The Soviet Union currently exports around 80m tons annually to its Comecon partners but has made clear that in future only gas and electricity supplies will be guaranteed to rise in quantity. The Soviets clearly want to retain their capacity to export oil and gas to hard currency markets. Last year these exports fell by an estimated 18 per cent.

But oil and gas exports account for nearly 50 per cent of total Soviet hard currency export receipts. Last year hard currency oil exports alone were worth 3.57bn roubles, around $5.5bn. Soviet sales on the spot market and higher gas and oil export prices could push the figure up substantially this year—provided it has the oil to export. But output in the first five months of this year was between 5m and 7m tons below target while deliveries to Comecon were higher.

Over the last decade the annual rate of increase in oil production has been halved from 8 per cent to around 4 per cent. This reflects the fact that production from the relatively shallow and accessible oil fields in the Caspian and Urals-Volga regions has been steadily declining while the bulk of new production and reserves are in the inhospitable Siberian wastes or the deserts of Khazakstan. These are thousands of miles from the industrialised west of the Soviet Union and its main export outlets.

According to Soviet estimates, 45 per cent of world gas reserves, 57 per cent of world coal reserves and probably a third if not more of world oil reserves belong to the Soviet Union, but 80 per cent of these resources are locked away in the eastern or northern part of this vast country while 80 per cent of energy demand comes from the relatively urbanised and industrialised western regions. The logistical problems alone are enormous.

Furthermore, as the geographical axis of the Soviet oil and gas industry has shifted eastward, so the need for more sophisticated exploration, drilling and production methods has increased. There was little need to develop sophisticated methods and equipment up to the end of the 1960s, as the bulk of Soviet oil had been coming from relatively shallow wells in accessible parts of the country.

Tackling the problems of depth, distance, extreme cold in winter and boggy tundra in summer has taken the industry into a new dimension. Indeed, a high proportion of the hard currency earned by oil and gas sales has had to be ploughed back into the import of a vast range of oil and gas-related plant and equipment.

Recent western studies estimate that the Soviet market for offshore equipment alone is likely to reach some $24bn over the next decade. This reflects the fact that future exploration and development is likely to concentrate on drilling at greater depths in areas like the Caspian and other older production areas and development of both on- and off-shore deposits in north and north east Siberia, the Barents Sea and off Sakhalin Island.

Similar problems face development of the coal industry. The Soviet Union's main hopes for boosting coal output to around 1bn tons annually by the 1990s depends on the development of the virtually limitless open-cast deposits of Kansk-Achinsk in central Siberia and Ekibastuz in Khazakstan. Transporting coal by rail to the industrialised West would consume almost as much energy as contained in the wagons.

Instead, five huge 4,000 mw power stations will be built on the site of the open-cast mines at Ekibastuz and the bulk of the 20,000 mw which will be generated there by the turn of the century will be transported 2,500 kilometres by a special 1,500 kv line—provided extensive research into high voltage lines makes this a feasible proposition. A similar power line is planned for Kansk-Achinsk, where coal-based power stations generating no less than 100,000 mw will make it the Soviet Union's main electricity generating centre in the next century. Already half of Soviet coal output is used to generate electricity and this will rise to 75 per cent when the two schemes are completed.

Limiting oil and gas

The emphasis on coal, hydro and nuclear sources for electricity generation is one of the principal lines of Soviet energy strategy. The aim is to limit oil and gas usage to transport, industrial processing and as a chemical industry feedstock.

It is a strategy which extends to Comecon as a whole. In the course of the current five-year plan, which ends next year, the Soviet Union originally committed itself to supplying some 360m tons of oil to its East European allies. It now looks like supplying around 380m tons, although most of the above-quota oil is being delivered against payment in hard currency or the equivalent in export quality food or industrial goods.

The higher international oil prices which have benefited the balance of payments of the Soviet Union itself have led to serious problems for Eastern Europe. Since 1975 the Soviet Union has been charging its East European partners at a rate based on the average international price of oil over the preceding five years.

According to the Soviet Union, such prices up to now have been on average some 25 per cent below world market prices. Much of this apparent advantage has, however, been whittled away by Soviet insistence that East European countries help finance and build major energy projects such as the Orenburg gas pipeline. This 2,750-kilometre-long pipeline from the foot of the Urals has been completed ahead of schedule and is now reportedly capable of transporting 45bn cubic metres annually of which 15.5bn cm is supplied to the East European countries which participated in its construction.

Recent Soviet hydro-carbon discoveries have turned up far larger quantities of gas than oil. This has obliged the Soviets to take a tough line with their Comecon partners on future oil deliveries, only partially sweetened by the willingness to supply more gas and electricity. These deliveries will make up the bulk of the 20 per cent total increase in Soviet energy exports to Comecon over the next five year plan. But plans to create 150m kW of extra generating capacity by 1990, largely through expansion of nuclear power, will still leave Comecon short of energy and increasingly reliant on OPEC oil in the intervening period. The *nuclear plan will also squeeze* the East European economies, as they will have to supply much of the plant and equipment, using highly energy intensive processes, before the power stations can actually be built and come on stream.

Nuclear power station design and fuel enrichment remains firmly in the hands of the Soviet Union but all countries are being encouraged to specialise in manufacturing components. Czechoslovakia and East Germany are playing a major role in this. The Soviet Union also plans to construct a series of nuclear power stations near its western border and will export electricity through the Comecon power grid, which is also being extended and modernised.

At the same time, Comecon countries are stepping up development of their own extensive coal, lignite and other energy sources and swingeing increases in petrol and other oil prices are the precursors of a more *fundamental* revision of the energy price structure aimed at increasing fuel efficiency and conservation.

Significantly, the energy crisis—which struck home with a vengeance this year when a harsh winter underlined the precariousness of energy supplies and led to widespread power cuts—is a major factor behind the replacement of traditional Marxist economic theories and a new-found faith in the *price mechanism.*

Problem of subsidies

Hitherto subsidised domestic light and heating, and slow adjustment to the realities of international energy price levels, have slowed down efforts to use energy more efficiently. Growing vehicle ownership and relatively rapid economic growth have also kept energy demand rising by between 4 and 8 per cent annually. In some ways the Communist bloc has been an efficient user of energy—the widespread use of power station waste heat for domestic central heating and greenhouses and the emphasis on public rather than private transport are but two examples. But little attention has been paid to insulation and the scope for conservation is very large, as in the West. The rate of economic growth throughout Comecon has also slowed markedly over the last two years in particular and could well decelerate further over the next five years, during which time improving the energy supply and a concentration on improving quality and efficiency, *rather than growth per se,* will be the hallmark of the various national plans.

Meanwhile, it is becoming increasingly clear that exploiting the full potential of Soviet oil, gas, coal and other raw materials is beyond the resources of the Soviet Union and its Comecon allies alone. Hence the Soviet interest in trying to involve Western—including Japanese—firms, in joint ventures stretching well into the 21st century and involving vast amounts of Western finance and technology in return for assured energy and raw material supplies on a similar long-term basis.

The Soviets firmly believe that, as the energy crisis deepens and energy prices continue their inexorable rise, the attractiveness of such schemes is bound to increase. Against this argument, however, higher energy prices will also make the development of hitherto uneconomic Western energy projects more viable.

But West Germany's reported interest in importing Soviet nuclear-generated electricity in exchange for participation in the Soviet nuclear programme is an interesting indicator of what is likely to be growing West European interest in energy co-operation.

Clearly, political as well as economic factors will play a major part in the willingness of western firms to participate in such long-term projects. Japan, with its geographical proximity, paucity of energy and raw materials and technological prowess, is in many ways the most logical partner for joint ventures in Siberia.

But the signature last year of the Sino-Japanese Peace Treaty, Soviet refusal to give back the Kuriles Islands and the new economic opportunities emerging in China itself have placed a question mark over future co-operation.

The latest round of the energy crisis could well lead to a re-appraisal. Japan recently agreed further finance for oil exploration off Sakhalin island. But joint U.S.-Soviet-Japanese development of the vast South Yakutia gas deposits is still bogged down in complex negotiations even though deposits of 1,000bn cubic metres required for the deal to go through have now been proven.

This $4bn, 25-year project is typical of the kind of deal the Soviet Union wants to get off the ground in the next decade.

The potential scope for future East-West co-operation in energy matters is clearly enormous, but so are costs and risks. The American administration, for its part, has now come round to the view that the development of Soviet energy resources is vital if the world energy shortage is to be kept within reasonable limits. This marks a reversal of original attempts to put pressure on the Soviet Union to modify its stance on dissidents and other contentious foreign policy issues by withholding export permits for energy-related exports, including an entire $144m drill plant.

A major influence behind this decision was the pessimistic CIA report published two years ago which saw the Soviet Union and its allies becoming a net importer of oil by the mid-1980's. If that happens it could make the present scramble for oil look tame by comparison.

MEN AND MATTERS

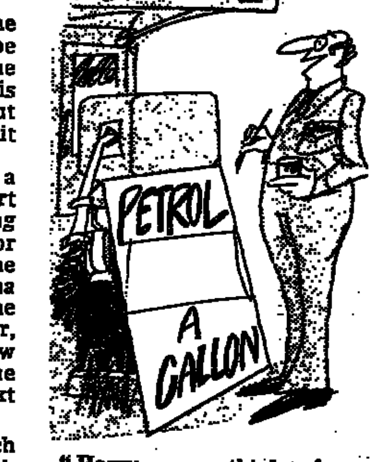
Lobbing a chip into the office

The axe over the heads of the Quangos is rumoured to be swinging near the ears of the Location of Offices Bureau. This month the LOB will bring out its report, announcing that it spent £370,000 last year.

It will also give details of a project going to the very heart of LOB's role in encouraging firms to move (out of cities, or in again, according to the current thinking). Diana Morris, an economist who is the bureau's senior research officer, is launched on a study of how micro-electronics will affect the need for office space in the next decade.

This is a topic from which most people involved with "chips" shy hurriedly away. Optimists point out that in places like Houston, where the silicon revolution began, more offices are being built than ever before. Pessimists claim that many of the office towers put up since the 1950s will one day be empty, echoing monuments.

I gather that the LOB's investigation will not be complete until next year; by which time a desirable set of offices in Chancery Lane may have come on to the market—its own.



"Harry . . . think of a number."

Showing off

There are parties and there are art world parties. Most galleries hope to sell a high percentage of pictures on offer at special preview exhibitions, so there is a tradition of loosening the cheque books with drink. In the Mayfair galleries the spread can reach epicurean proportions, but few compare with those of Roy Miles of St. James', a 40-year-old ex-Liverpool hairdresser.

To launch his summer exhibition of Victorian paintings there was caviar and champagne, vodka and smoked salmon, huge iced carvings of Victoria and Albert—and like the cherry on the cake, the Minister for the Arts, on hand to ensure that the finest paintings, a quartet of the Seasons by Burne-Jones, should not leave the country. He was lucky. An—as yet—anonymous national gallery is putting up the £250,000 that Miles asked for them.

Roy Miles is a great believer in publicity and tried to cash in on the oil boom by taking British sporting pictures around the Middle East. The Islamic world is not too keen on images, but there were a few buyers in Kuwait, and Miles got "A" for Enterprise.

He sees his current show as the epitome of his career. Over £1m worth of paintings—paid for by himself and friends after unhappy experiences with banks—have been garnered from all over the world and already there is £500,000 in revenue to enable him to relax a little.

He sees himself as something of a patriot, concentrating on British paintings, but not a collector himself: "I like to get away from business in my house, and besides it is so often let to friends," he says. His survival in the cut-throat world of fine art, and his independence of the banks, has earned him some respect from the old hands. He is also unusual in buying most of his stock from private sources. "It is so easy to get carried away at auctions," he says.

Pets on the menu

By now perhaps a little dog-eared, there is somewhere in the desk of Peter Walker, the new Secretary for Agriculture, a letter addressed to his predecessor John Silkin on the subject of rabbits. It emanates from Cheltenham, home of Peter Horne, general secretary of the Commercial Rabbit Association, who is much exercised about the vast quantities of Chinese rabbit meat coming on to the British market, undercutting the true blue *product.*

The CRA says the difference in price is 16p a pound—the Chinese selling at cost price in order to collect much-needed foreign currency—and that hard-pressed British breeders are being forced to sell their "far superior" wares abroad. (The British get through 9,000 tons of Chinese rabbit a year, and well under 2,000 tons of their own.)

"We'll be taking it up with the new lot," says Horne, but he sounded a little despondent about persuading the British housewife to see rabbits of any nationality in a more carnivorous light. The myxomatosis outbreak of five years ago put many potential rabbit eaters permanently off the idea, even though it affected only the wild variety.

"*Watership Down* has had an even worse effect," Horne added gloomily.

Emotion at Euston

This morning there will be an emotional ceremony in a dilapidated house near Euston Station. The liberator, Francisco de Miranda, will be returning to London in honour. Ambassadors of the Latin American States will pay tribute to Venezuela's national hero, as the "Casa de Miranda" is inaugurated.

The old revolutionary will only be present in spirit, of course. It was in 1810 that Miranda and Simon Bolivar plotted in the house at 58 Grafton Way. But Juan Sucre-Trias, Venezuelan ambassador in London, is determined that Miranda's name will never again be forgotten in the capital that gave him refuge.

Sucre-Trias identified the Grafton Way *house* and has spent several years buying it and four houses on either side. An undisclosed—but certainly massive sum—will be spent to create a Latin American cultural and political centre.

The ceremony today will be conducted by the President of Colombia, Dr. Julio Turbay-Ayala, who is currently on a trip to Europe. A bust of Miranda will survey the gathering of 20 Ambassadors and sundry notables, including Nicholas Ridley, Minister of State at the Foreign and Commonwealth Office.

Perhaps democracy has not flourished in Latin America quite as was envisaged by the flamboyant Miranda—who fought in the American War of Independence, the French Revolution, and in Venezuela, then died in chains as a captive of the Spaniards. But he would doubtless approve of one vacant place at this morning's function: the representative of Nicaragua has not been invited: "We thought it might be embarrassing," explained an official at the Venezuelan Embassy.

First things first

A colleague asked his small son how he was getting on at school. "Pretty good," he said; "I learned how to write today." "That's *very* good!" his father said. "And what did you write?" "I don't know," came the reply. "I can't read."

Observer

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ACCOUNTANCY

The difficulties of finding agreement on setting accounting standards have again become controversial in the past year since the publication of the Watts Report, a consultative document. Meanwhile, the accounting bodies and large accounting firms believe that there is not much point in setting standards if there is no mechanism to enforce them.

Industry lobby groups emerge

By Michael Lafferty

A LARGE part of the past year in British accounting has been taken up with discussions about the Watts Report, a consultative document titled "Setting Accounting Standards" which considers whether present standard-setting procedures might be improved. The document itself was published almost a decade after the accounting bodies took upon themselves the task of "narrowing the areas of difference and variety in accounting practice" through the publication of accounting standards.

Over the years, however, controversy about individual standards and proposals, and increased willingness among large quoted companies to ignore pronouncements have convinced senior accountants that improvements are necessary. One of the more striking examples of this is a letter expressing considerable concern about existing standard-setting procedures which Mr. David Rae Smith, senior partner of Deloitte Haskins and Sells, sent to Sir William Slimmings, immediate past chairman of the Accounting Standards Committee prior to his retirement.

Under the present system accounting standards emerge from the Accounting Standards Committee (ASC), a body composed entirely of representatives of the main accounting bodies. ASC is controlled by the English Institute, which accounts for 12 of the 23 members. In terms of interest the committee is dominated by auditors and accountants in industry—each with 10 representatives. In addition, there is one accounting academic, one Government representative and only one representative of users of accounts.

Up to now, and probably for the foreseeable future, ASC has tackled subjects on an ad hoc and pragmatic basis, depending on whatever seems to be most important at the time. There is no fundamental accounting conceptual framework guiding standard-setting, beyond the general historic cost convention which is the basis of accounting in virtually all countries of the world.

It was probably inevitable that the standard-setting exercise would run into trouble. Indeed it seems somewhat remarkable that the accounting bodies were able nine years ago to step into an area which had hitherto functioned without rules in order to lay down the law. It could be said, however, that there was little to object to in the first few years, since proposals and standards seemed either eminently sensible or favourable in their effect on reported profits. In addition, the government of the time had made it quite clear, in the aftermath of affairs such as Pergamon Press and GEC/AEI, that it wanted the profession to put its house in order.

Serious controversy and opposition from industry to a standard first emerged with the draft standard on research and development. ASC had wanted to require all such expenditure to be written off as it was incurred, but in the end had to settle for a standard that said capitalisation of certain development expenditure was permissible under what were said to be restrictive circumstances.

Results

The next confrontation with industry came when ASC's standard on tax accounting started to produce unacceptable results in company accounts. The standard, entirely in line with the historic cost convention, said that companies should make full provision for tax liabilities, regardless of whether the tax liability was deferred by government incentives such as stock appreciation relief and 100 per cent capital allowances. This soon meant, however, that companies were building up vast deferred tax balances in their accounts—amounts which, it seemed, might never have to be paid to the Revenue. Industry wanted a tax standard that was more realistic—and it got it when ASC took the unprecedented step of suspending its previous ruling on the area.

Further confrontation between ASC and industry groups erupted a year or so ago when property companies realised that the standard, SSAB 12, dealing with depreciation of fixed assets, might wipe out reported profit figures. While ASC was entirely in line with historic cost accounting in drafting this standard, it is also arguable that the convention is not appropriate for companies whose activities have more to do with valuations than costs.

The property company affair was one of the most humiliating for the standards committee, since it resulted in the English Institute of Chartered Accountants refusing to endorse the standard. ASC had no option but to exempt the property industry for a face-saving 12 months. This has now become all but a permanent exemption.

One of the features of all these battles was the increasing emergence of industry lobby groups whose objectives were to ensure that accounting standards and proposals were not too objectionable as far as companies, the *preparers* of accounts, were concerned. One such organisation is the Midlands Industry Finance Directors Group, whose chairman is Mr. Paddy Custis, finance director of GKN. Mr. Custis, incidentally, recently refused a guaranteed seat on ASC because he believed he would face a conflict of interest.

Other industry pressure groups include the Scottish Finance Directors Group, the Nationalised Industries' Finance Directors Group, and the Hundred Group, a London-based body which claims to include chief financial officers (all of whom must be chartered accountants) from the largest businesses in the country.

The Watts Committee's work has to be seen in the light of all these developments. The report concluded that there was a need for accounting standards, made a number of uncontroversial recommendations and suggested the possibility of the Stock Exchange, or the Council for the Securities Industry, the new City self-regulatory body, taking a more active role in enforcing standards should be explored. This latter tentative proposal has since developed into an unusual public controversy with top accounting firms criticising the Stock Exchange for its shortcomings and Exchange officials being none too complimentary to the accounting firms.

Weakness

The accounting bodies and the large accounting firms appear to have come to the view that the whole standard-setting exercise suffers from a major weakness so long as there exists no mechanism for enforcing standards on companies. Until now quoted companies have simply been persuaded to apply standards because most finance directors, like auditors, are qualified (generally chartered) accountants. Failure to observe standards would normally lead to a qualified audit report, and there was always thought to be the possibility that the powers that be in the profession might bring pressure to bear. There was also a statement in the Stock Exchange Listing Agreement that companies were expected to observe standards.

That was all very well so long as it appeared to work. Over the years, however, and particularly recently, it has become clear that the company which ignores accounting standards or otherwise flouts generally accepted practice usually gets away with little more than a bit of adverse publicity. In the U.S. qualified accounts will not be accepted for registration with the Securities and Exchange Commission, with the result that the U.S. auditor is in a strong position in his dealings with his client. In the UK, on the other hand, auditors who have qualified more and more company accounts have had to face a backlash for supposedly indulging in "technical" audit qualifications. When they do qualify today the consequences are far from dramatic.

It *is* in this context that the big auditing firms have turned their attention to the Stock Exchange. They argue that the Exchange's listing agreement, which all companies are supposed to follow, requires compliance with standards (actually, the agreement states that companies, while the main users of accounts, are in any case those who hold shares and trade in the stock market). It would also appear to be in the interest of investors that all companies should observe the same language in their financial statements.

The Stock Exchange for its part has not been slow to emphasise its central role in the self-regulation of the City. But it draws the line at getting involved in the enforcement of accounting standards.

Commenting on the Watts report, the Exchange had this to say: "It is our belief that standards should be received, accepted and implemented by all those involved in the preparation of financial statements. Once it is recognised that each standard, has been drawn from accepted accounting principles, and once it is recognised that standards express what is generally held to be best accounting practice, we believe they will recommend themselves.'

The Exchange's attitude may need to be seen in the light of the numerous professional attacks on its alleged failures. After all, the job of enforcing accounting standards would be unlikely to enhance the attractions of the stock market.

Perhaps the enforcement solution that will eventually emerge will be based on the proposals of the English Institute of Chartered Accountants that the CSI or the Stock Exchange, together with the accounting bodies, should establish a *review panel* to inquire into cases of non-compliance with standards. The Stock Exchange recently announced that it is giving consideration to this suggestion, while the Council for the Securities Industry is also thinking about it.

Bolster

But many users of financial statements argue that something much more fundamental than the bolstering of the present set-up through the introduction of some enforcement mechanism is necessary. The most forthright and best argued comments have probably come from the National Economic Development Office, the executive arm of Neddy, the national economic planning forum. NEDC claims that the present standard-setting system has tended to produce standards which are as much, if not more, for the protection of the auditor as for the improvement in the comparability and accurate disclosure of intelligible accounts.

In simplest terms the office would like "to see the present bias in favour of preparer and auditor shifted towards the user of accounts—interpreted in the widest sense as including, for example, employees of the company." NEDC also dismissed claims in favour of flexibility from some auditors by stating its belief that "companies have enough in common for common accounting standards to be applied."

NEDC wants to see binding and relevant accounting standards covering public and large companies and says it regards this as important for the proper functioning of financial and capital markets. It also believes that Stock Exchange should enforce accounting standards on listed companies, with the ultimate weapon being the right to suspend a company's share price.

What eventually emerges from the Watts report discussion will not become clear until public hearings—the first of their kind the UK accounting profession has had—take place this month. Whatever the outcome many informed accountants—whether auditors, finance directors or investment analysts—seem to accept that stewardship accounting as practised in the UK will have to undergo some major transformation over the next decade.

On the enforcement front it is inconceivable that the present system, where companies can with impunity chop and change accounting policies, will be able to continue. Equally the accounting profession will have to make up its mind that standards exist for one purpose—to serve the needs of users of financial statements. Unless the present self-regulatory system comes up with these results within a reasonably brief time the long-term prospects for accounting standard-setting in the private sector are remote.

Changes in the profession

THE PAST year has brought some important changes to the shape of Britain's accountancy profession. At the top end the much forecast disappearance of Turquands Barton Mayhew, one of the country's 10 largest firms, was witnessed through a merger with Whinney Murray (now Ernst and Whinney). In the same league it became known about the end of 1978 that Thomson McLintock was involved in talks which could eventually lead to the formation of a major international accounting group to rival any of the Big Eight firms.

Moving down a little, there has recently been news that Arthur Andersen, the smallest of the Big Eight in the UK, is having merger talks with Tansley Witt, a typical representative of the large medium-sized accounting firm. Finally, last month came the announcement of a merger between two smaller medium-sized firms—Finnie Ross Wild and Allfields.

There is more than enough here to bear out what is now the conventional wisdom about the UK accounting profession—the line that says the Big Eight will continue to squeeze out the medium-sized practices by taking over their larger clients.

In the Turquands case a move had been predicted by close profession-watchers for years. On the national front the firm somehow seemed to have lost its former competitive edge. Despite its size and strength in the Far East, Turquands was more often in the news because it had lost a client rather than gained one.

Internationally the firm was involved in a loose association called Klynveld, Turquands VDTG. Originally, this had started out as an effort by three leading European accounting firms—Klynveld Kraayenhof of Holland, Deutsche Treuhand of Germany and Turquands—to develop a European counterpart to the Anglo-American Big Eight. In addition, it had a typical series of associates around the world, including Hurdman and Cranstoun in the U.S. The concept had a logic but it never seemed to work, probably because the individual firms were not willing to give up enough for the benefit of the group as a whole.

The merger with Whinney Murray takes Turquands into one of the Big Eight without any of its former European or North American associates. Offices of both groups in places such as Australia and S. Africa seem to be in the process of merging—an indication of how important referred fee work can be.

The Thomson McLintock development is not unconnected with what happened to Turquands. On the one hand there were Klynveld Kraayenhof and Deutsche Treuhand, respectively the largest and second largest firms in Holland and Germany, but without a UK associate to look after clients' affairs. On the other there was a separate development in the German profession. Thomson McLintock's international firm—McLintock Main Lafrentz—lost its German member, Karoli Wirtschaftsprufung, as a result of the merger with Treuhand Vereinigung, the German firm which is part of Coopers and Lybrand International, another of the Big Eight.

McLintock and its partners Main Lafrantz in the U.S. were without a German firm to service their clients, while KK and Deutsche Treuhand were in need of a UK connection. The solution seemed obvious. As a gesture of good faith McLintock Main Lafrentz agreed to have its German clients serviced by Deutsche Treuhand. Talks then got underway.

The German and Dutch firms were still wedded to the old idea of forming a strong European accounting partnership, and they wanted Thomson McLintock to throw its lot in with them. McLintock was not interested, but suggested instead that Klynveld Kraayenhof and Deutsche Treuhand should consider joining McLintock Main Lafrantz. It was on this basis that an announcement was made saying discussions were underway to create a new and major international accounting firm.

Solution

The first problem the talks met was what to do about Hurdman and Cranstoun, the U.S. firm connected with KK and Deutsche Treuhand. Hurdman is a large U.S. firm just *below the Big Eight in size*. One of its major clients is the U.S. end of Philips, the Dutch electronics multinational which is audited in Europe by KK.

Such audits are not jeopardised easily in the international accounting business. Again the obvious solution was a merger between Hurdman and Main Lafrentz, which itself claims to be ninth largest firm in the U.S. Such suggestions were dismissed as "pure speculation" by both firms when first aired in public. Nevertheless, last month came the news that *they have agreed in principle to* merge. With the U.S. side tied up, the focus of discussions has now moved to Europe.

Thomson McLintock is one of the largest of the UK accounting firms. It is not a national firm in the sense that all partners share the same profit pool. It has been on many of the Big Eight's shopping lists. Yet it has survived. The key here seems to have been the strength of the firm's international partners.

The same does not appear to be so with Tansley Witt, despite its proud boast to be an international firm through its connection with Alexander Grant (another substantial U.S. accounting firm), and numerous associates around the world. Along came Arthur Andersen (AA), possibly the most aggressive of the UK accounting firms, offering the London partners a share in AA's future and the whole Tansley Witt exterior looked a little naked.

It turned out that the firm was a national partnership only in name and that a number of the regional offices would probably be left out of the proposed merger. To add to the confusion Alexander Grant, no doubt realising the impact of the possible merger on its own future, commented that as far as it knew the majority of the TW appeared finally only about the up with Arthur Andersen.

If firms like Turquands Barton Mayhew and Tansley Witt disappear into mergers with the Big Eight, which of the other medium to large accounting firms will survive? It is impossible to say with any certainty. What can be said, however, is that it seems unlikely that any of the firms listed in the accompanying table has not considered a merger in the past few years. By this time next year it would *not be surprising if more well-known old names have not made* a move.

Perhaps the best guide to the eventual survivors is the names the Big Eight mention as being the most desirable takeover prospects. Such firms have something to work for. Here the most outstanding example may well be Spicer and Pegler. It is a City-based firm, with lots of City clients—though more than half its business is out of London—and the typical fee is under £100,000, with gross billings for 1979 probably of the order of £10m to £12m. Under the direction of managing partner Richard Langdon, Spicer and Pegler has developed into a national firm and is now also the lead firm in its own international group, Spicer and Oppenheim.

Writing to partners and staff a few years ago, he warned that none of the Big Eight will suddenly disappear or rapidly decline. But "there should be room for more." "We must particularly engender the competitive and *market-orientated* spirit within our own organisation."

Survivor

Another survivor, so managing partner Mike Shirley-Beavon argues, will be Binder Hamlyn. Binder is not yet a national partnership but it has a unique link with two major European firms—Deutsche Warentreuhand of Germany and Dijker en Doornbos of Holland. The strategy is similar to that of the old Klynveld Turquands VDTG partnership but evidence so far is that this one may well work out. Binder Dijker Otte, as the joint firm is called, markets itself as a European accounting firm. It is *not* yet a worldwide firm, though it has links with firms in the U.S. and elsewhere.

Medium-sized firms with specialist client areas may also be survivors—unless and until the Big Eight turn their attention to them. Examples here probably include Stoy Hayward, which has a name in the property and textile industries, Moore Stephens, which has cornered the Greek shipping market, and Baker Sutton and Neville Russell, which do a lot of Lloyd's work. Thornton Baker, a firm with a vast array of small clients around the country, is also likely to be around for a long time to come.

The matter can be seen in a slightly different light by going back to the list of the top UK firms. Within the group it seems that the top five firms—Peat Marwick Mitchell, Price Waterhouse, Deloitte Haskins and Sells, Coopers and Lybrand and Ernst and Whinney—may be leaving the rest behind. Arthur Young and Touche Ross are much smaller than the others. The only way they could remedy the situation would be through a merger. But there are few firms they would want to acquire without shedding a few surplus partners. Arthur Andersen, even after the proposed Tansley Witt merger, faces the same problem.

So what are the criteria for survival after all this? Talking to managing partners the answers seem to be as follows:

(a) doing a competent audit;
(b) being large enough for economies of scale in training and back-up services;
(c) having a highly respected name;
(d) ability to recruit high calibre graduates from the major universities;
(e) national coverage;
(f) full range of specialist services—especially tax;
(g) international competence.

At the other end of the scale there are of course the thousands of small local accounting firms. For these there will always be plenty of work and a good living—provided, as one partner put it, everyone is willing to take his coat off to provide the service the client needs.

Michael Lafferty

Confusing groups

THE BRITISH accountancy world is confusing, even for those who are accountants, with an array of bodies and initials capable of creating considerable confusion. There is the CCAB, the ICAEW, the ICAS, the ASC, IASC, APC, UEC, CIPFA and ICMA—to mention but a few.

The legal position is straightforward: anyone can call himself an accountant. Unlike countries such as Germany and Holland where the right to use professional titles is closely regulated, there is nothing in Britain to prevent a few students who have failed the Institute of Chartered Accountants exams from opening an office in the High Street and presenting themselves as "Accountants and Auditors." This has certainly happened.

So, first of all, what are the bodies and qualifications which are normally regarded as part of the established accountancy profession? There are six professional bodies in this category: the Institutes of Chartered Accountants of England and Wales, and of Scotland and Ireland, the Association of Certified Accountants, the Institute of Cost and Management Accountants and the Chartered Institute of Public Finance and Accountancy.

Together, these bodies present their views to the outside world through the Consultative Committee of Accountancy Bodies (CCAB), which is run from the Moorgate Place headquarters of the English Institute of Chartered Accountants, the largest of the professional bodies.

There are certain distinctive characteristics of each of the professional bodies. The Institutes of Chartered Accountants likes to claim the highest status in the accounting scale of esteem. This goes back to the days when the only way a young man could become a chartered accountant was by serving articles of clerkship," for which right he had to pay a premium.

The premium system disappeared finally only about the time of the last war. The articles system still remains the hallmark of a chartered accountant's training today. He can enter the profession only by training with a practising firm of chartered accountants, where he is "articled" to one of the partners. Nowadays it is common to describe this process as studentship.

While training, the student accountant is expected to be given a broad range of experience, but most of his time is likely to be taken up with auditing clients. When he qualifies and has gained a number of years' experience the chartered accountant is eligible to apply to the Institute for the practising certificate—at which point he may set up his own accounting firm, or go into an existing partnership as a member of the firm.

The Association of Certified Accountants and its predecessor bodies started their existence by providing an alternative to the chartered accountant qualification for poor students who could not afford the expense of articles. Today it is the second largest accounting body in the UK in terms of total membership, which amounts to more than 20,000 individuals. Less than 2,000 certified accountants are in full-time public practice running accounting firms. The vast majority are in industry, and commerce.

The Institute of Cost and Management Accountants is probably the nearest competitor to the Association of Certified Accountants. Like the majority of certified accountants, its students are trained wholly in the companies or firms where they work. There is no system like articles and the essential difference is that training is normally in a company.

The Cost and Management Institute has more than 17,000 members and no fewer than 36,000 students. The comparable student figure for the Association is in excess of 58,000. A very large proportion of these students work and study and take their exams in countries outside Europe, normally in the new Commonwealth areas. In the case of the association slightly more than half of the registered student body is overseas. Of the home proportion only 1,200 of the 29,000 students are graduates.

The vast student bodies of both the association and the Institute of Cost and Management Accountants occasionally attract complaints from the other professional bodies. Indeed, there have been suggestions that the Association has been making a considerable profit for its qualified membership out of its student population. This may no longer be the case, however, since fees were reduced a year or so ago.

The Chartered Institute of Public Finance and Accountancy (previously the Institute of Municipal Treasurers and Accountants) is the accounting body which generally trains accountants for local government. Increasingly it is getting a foothold throughout the public sector and even within the Exchequer and Audit Department, where most of the existing staff do not have formal accounting qualifications.

Competent

Within the CCAB group there are what are called the "recognised bodies"—the professional bodies whose members are recognised specifically under the Companies Act as being competent to carry out audits. These are principally the Institutes of Chartered Accountants in England and Wales, Scotland and Ireland—and the Association of Certified Accountants.

Added to this is a newly-formed body called the Association of Authorised Public Accountants. This was formed in July 1978 and includes more than 400 of the estimated 1,000 individuals authorised to carry out company audits by the Department of Trade in addition to those qualifying automatically because they are chartered or certified accountants.

The new Association seems to be working fairly closely with the Association of Certified Accountants, which has agreed in principle to provide its technical services to the new body's members. Members of the Association of Authorised Public Accountants point out that Department of Trade authorisation is given only to applicants who can demonstrate many years of experience in public company audits under the supervision of a member of the officially-recognised bodies.

M.L.

Progress towards a common standard

ACCOUNTING HAS made considerable strides in recent years towards the goal of achieving full precision and comparability in company reporting. But experienced users of accounts will know that there are still many occasions when a sharp eye and an ability to read between the lines are necessary for a full understanding of a profit and loss account or a balance sheet.

There are hawkish accountants who call for no-nonsense standards and rigid enforcement. Deloitte Haskins and Sells, for example, recently called for standards which would eliminate flexibility and for penalties—including fines for directors—where companies refuse to comply.

But there are also doveish auditors who are liable to agree that in special circumstances companies are justified in declining to follow a standard, while when it comes to tricky points they may decide that so long as there is what they think is adequate disclosure in the notes to the accounts they will be satisfied.

To take one entirely innocent example, for some years ICI adopted accounting policies in respect of Government investment grants which were not compatible with the accounting standard SSAP 4. Its accounts were qualified, but such a purely technical qualification appeared to have little effect.

In 1977, however, the company changed — ironically because of the insistence of a foreign agency, the U.S. Securities and Exchange Commission, that it should observe generally accepted UK accounting practices in its financial statements.

Face

If accounting policies were completely voluntary, of course, all sorts of U-turns would be employed by companies seeking to show their best face to the world at all times. An example of this can be found in the behaviour of Thomas W. Ward in the past two years in relation to the Hyde guidelines on inflation accounting — compliance with which is, of course, entirely a voluntary matter, and does not concern the auditors unless they are asked.

So it was that Ward published current cost profit figures in January, 1978, and the conclusions of the Hyde Committee were "welcomed for their simplicity." By chance, falling scrap prices had that year reduced the cost of sales adjustment by £2.1m. In January, 1979, the current cost figures mysteriously failed to appear in the annual report. There was no explanation, but it was a fair guess that after a surge in scrap prices the cost of sales adjustment would have looked much more damaging than a year before.

Many other companies, of course, have made excuses for not publishing inflation adjusted figures. The explanations have varied, but strangely have never included the most honest justification, that publication might, in the view of the directors, damage the company.

Twilight

Most such problems of omission will disappear, of course, when current cost accounting becomes compulsory. But discretion still remains an important factor in a number of areas of accounting. There is, for example, that perennial twilight area between exceptional and extraordinary items which sometimes pop up above the line and sometimes are confined below.

Companies like Debenhams and Trafalgar House take in property disposal profits above the line—which may be acceptable if they are regular items, but nevertheless such profits are highly volatile and cause analysts considerable problems in assessing the underlying level of earnings.

And Trafalgar's last annual profits received a £3.9m boost from a gain which had arisen in a slightly curious way. Its stake in Savoy Hotel had been bed-and-breakfasted (sold and bought back overnight for tax reasons) in 1974-75 and a £2.6m loss at that stage was treated as an extraordinary item. Subsequently the shares were reclassified as current assets. So when it came to selling them last year, the £3.9m surplus which arose compared with written down value went into profits. This treatment was, however, fully disclosed in a note.

Different auditors can permit different companies to treat the same problem in alternative ways, which can only mystify users. An example of one of these difficulties can be found in the upheaval suffered by the telecommunications industry in recent years as it has struggled to adapt to Post Office cutbacks and to the changeover from electromechanical to all-electronic switching. All this has meant big staff redundancies and major plant rationalisation.

The puzzle is that whereas Plessey has found it appropriate for several years to make big extraordinary charges below the line, its competitor STC has treated rationalisation costs only as exceptional items which are charged before striking a pre-tax profits figure. It will be interesting to see whether this contrast persists now that STC has become a listed company.

The report and accounts published by Lonrho early this year aroused interest because of the company's insistence on treating House of Fraser as an associate. It held a slightly lower stake than the minimum recommended by the relevant accounting standard SSAP 1 (a problem effectively cured since then, however, by the takeover of SUITS).

But it was also noticeable that Lonrho had changed its policy on currency translation so that unrealised exchange adjustments, which used to pass through the p and l account as extraordinary items, now go straight to reserves. Due to the strength of sterling, exchange losses are now a problem for companies which used to bask in the warm glow of devaluation-induced gains. It appears that the Lonrho accounts prompted other clients of Peat Marwick Mitchell, joint auditors to the company, to ask whether they could make a similar change.

There is nothing wrong with modifying accounting policies when they begin to cause distortion. But it was evident that Lonrho had not at the same time changed its unusual policy for depreciation, which allows it to write back into profits the unrequired past depreciation on revalued assets.

This policy boosted profits sharply more last year than it had done in the past. Peats told the Monopolies Commission, which was inquiring into the Lonrho/SUITS merger, that the practice was "acceptable, given adequate disclosure, though somewhat unusual."

One controversial area which promises to become still more contentious with the approach of current cost accounting is that of asset valuations. The property and shipping industries are noted for their flexibility in the treatment of balance sheets, which sometimes have to be read in conjunction with notes appearing a good few pages further back in the annual report.

When the Dutch company Wereldhave was bidding (it turned out unsuccessfully) for English Property Corporation a few months ago, it was able to point out certain discrepancies. A £33m shortfall in the value of EPC's Brussels properties had been acknowledged in its annual report but had not been reflected in the balance sheet.

Then there is the continuing saga of Burmah Oil. Everybody knows that when Burmah took delivery of the Burmah Endeavour and the Burmah Enterprise, two giant tankers, the company was acquiring a hole in its balance sheet. At the end of 1978 these vessels were being carried in the books at £89.2m, but as a note to the accounts put it, "profitable employment for these ships is not in prospect."

The attitude of the company is that at some time in the middle 1980s the ships will be worth more than the then book values after depreciation. The auditors Whinney Murray are not happy at the balance sheet valuation and have heavily qualified their report. But the unsatisfactory position remains that assets are being carried in the balance sheet not at what they are worth but at what the directors hope they might possibly be worth in a few years' time.

Favoured

It comes back, once again, to the question of flexibility. The system of accounting in the UK is neither strictly historical cost, as in the U.S., nor current cost. It is a system much favoured by companies because they can revalue their assets if and when it suits them, rather than be forced to devalue them in the middle of a crisis which might leave the balance sheet uncomfortably exposed. The worst that can happen is that a cautionary sentence will be inserted into the auditors' report saying something such as that it is not clear whether or not the assets are included at appropriate values. But before long, perhaps, the penalty will be more severe.

Barry Riley

Keeping track of inflation

ED 8 . . . ED 18 . . . ED 24. Inflation accounting is now into its third exposure draft, and it will be next October — when the exposure period for ED 24 ends — before it will be possible to gain a firm idea of whether the latest effort of the Accounting Standards Committee (ASC) stands a better chance than its predecessors. One of these was killed off by the intervention of Whitehall and the other by a rebellion within the accounting profession.

At this stage, however, there are some favourable signals. The latest acceleration of inflation to a threatened 12 per cent by November adds an element of renewed urgency to the inflation accounting programme, which was in danger of being slowed down by the dip of inflation into single figures last year. And the new Conservative Government shows signs of being much more enthusiastic about current cost accounting than the Labour administration.

The Inland Revenue is keen to go over to a proper form of inflation accounting to replace the ad hoc concessions, notably for stock relief, that they have been making for some years. But it is not clear at this stage whether the Inland Revenue is happy with the ED 24 proposals as they now stand; it is to discuss the matter with the accounting profession in the autumn.

Receptive

With the passage of time opinion both inside and outside the accounting profession is probably more receptive to the idea of current cost accounting (CCA) than a few years ago. The heated arguments over the more controversial aspects of CCA, and over the question of the need for gearing adjustments, appears to have died down. Yet there are still several areas in which ED 24 is coming in for criticism.

For example, the definition of the monetary working capital adjustment (MWCA) is hazy, and the boundary line between short-term working capital and long-term financing is vague. Many experts are unhappy at the gearing method chosen, which falls short of allowing a full adjustment for the benefit which equity holders receive from the erosion of the value of borrowed money.

Economists take a more radical view on this point than accountants, who tend to be influenced by prudential considerations. Thus economists argue that the whole of the gearing gains which accrue to companies should be credited to profits. But the ED 24 position is that only realised gains can be so treated, so that only the geared proportion of the depreciation and working capital adjustments are released to profits.

The differences can be considerable. The Bank of England has just produced estimates of real rates of return on capital for UK industrial and commercial companies. The most conservative of these does not allow for gearing benefits at all, but simply represents profitability net of stock appreciation and replacement cost depreciation. On this basis British industry earns a return of around 4.5 per cent.

On an ED 24 basis, however, the Bank of England's economists estimate that for 1977—the latest year for which figures are available—the pre-tax return would have been more like 6.2 per cent. And on the basis of a full "natural" gearing adjustment the return would have been 7.4 per cent.

Critics have pointed out some of the anomalies of the ED 24 gearing adjustment. Gearing gains will depend on the kind of assets a company owns rather than simply on whether their value has increased, while companies like GEC which have big cash holdings will not have to provide for any diminution of the real value of their net monetary assets.

On the other hand the Morpeth Steering Group points to the EEC Fourth Directive with its prohibition of the inclusion of unrealised gains in profits.

What is perhaps a more important deficiency of ED 24 emerges, however, at a practical level. The problem is that the proposals involve two profit figures appearing in a single report and accounts. One is a figure which the auditors will say represents a "true and fair view" on the historical cost convention. The other is a supplementary figure which may not be audited at all, although there is pressure on auditors to adopt some form of positive qualitative statement such as that the current cost accounts are "properly prepared."

Plainly the existence of two quite different profit figures poses problems of credibility for users of accounts. The intention underlying the approach of ED 24 is that after a short time the dual approach will be dropped and the current costs accounts will become the main accounts. But it is not at all clear how this transition will be achieved.

Patchy

Presumably much depends on the attitude of users of accounts. If stockbrokers, institutional investors, bankers and financial journalists start concentrating on the current cost figures once they can get hold of figures for all listed companies (the response by companies to the voluntary Hyde guidelines has been distinctly patchy) then public opinion could exert considerable pressure. Perhaps one day, for example, the FT will change its back page p/e and cover calculations over to a CCA basis.

But if users prove to be as conservative as the accountants have been, it could all take a very long time. That may be why public officials are now taking a more active approach. The Governor of the Bank of England, Mr. Gordon Richardson, recently called for widespread adoption of CCA to counter the distortions allowed by historic cost figuring.

The attitude of the Inland Revenue could be highly influential here. Adoption of CCA for the purposes of corporation tax would be highly significant in encouraging companies to concentrate their efforts on this form of accounting.

But there remains plenty of entrenched opposition to CCA. Insurance companies and property investment companies have refused to have anything to do with it, and have been granted exemption from ED 24. Shipping companies have been notable for their refusal to comply with the voluntary Hyde guidelines and it remains to be seen whether they will be convinced that a satisfactory solution can be found to the shipping industry's problems over asset valuation.

Then of course there is the accounting profession itself. It is only two years since, by a majority vote, the English Institute rejected the introduction of compulsory CCA.

The Steering Group knows that there is still plenty of opposition among smaller accounting firms. The scars of its previous defeat show in the flexibility of the new exposure draft—the new rules will cover listed companies, but ED 24 is somewhat tentative in proposing at what turnover level private companies will have to conform—and in the absence of any laid down timetable for further developments in inflation accounting. The ASC will probably only go as fast as it thinks opinion within the profession will allow.

But the debate is not being carried out in a vacuum. If the accountants continue to drag their heels the Government may be tempted to take a firmer stand. And there is an international perspective to the debate. In the U.S. the Securities and Exchange Commission, disturbed at the impact of inflation, now rising about 10 per cent, has been seizing the initiative from the U.S. accounting profession.

It will be a blow to the reputation of the accounting profession on both sides of the Atlantic if it proves unable to respond adequately to an urgent problem.

B.R.

On this and the page opposite profiles by MICHAEL LAFFERTY and BARRY RILEY portray leading figures in accountancy, including this year's centenary President of the Institute of Chartered Accountants in England and Wales.

Aspects of the accountant at work

David Hobson

DAVID HOBSON has been senior partner of Coopers and Lybrand since 1975, when he succeeded Sir Henry Benson, one of the profession's best-known personalities. Though there were questions at first, senior accountants today have no doubts about David Hobson. He is tough in the traditional Coopers mould.

David Hobson shot into the public eye in 1975 when the Department of Trade report on London and County Securities (L & C), where he had been one of the two inspectors, was published. The report catalogued the failure of L & C, which itself precipitated the start of the secondary banking collapse. It was highly critical of many of those involved, not least the old accounting firm of Harmood Banner, now part of Deloitte Haskins and Sells, which had acted as auditor.

Such criticisms were only the beginning of what began to seem like an avalanche for the accounting profession. Yet at no time has any criticism been levelled against David Hobson, though privately it would only be human if partners in Deloittes, which is now facing an £8m writ as a result of the L & C failure, wished his report had been less explicit.

David Hobson has been fortunate enough to head Coopers at a time when, despite controversies surrounding many other major accounting names, his own firm has not been the centre of a single "public case." The only such known action against Coopers, relating to the company Burnholme and Forder, was crossed off the list in the High Court recently.

Like his predecessor, Mr. Hobson has managed to combine a successful career within his firm with considerable achievement in external professional affairs. He is an enthusiastic member of the Accounting Standards Committee, and has been regarded for some time as a likely chairman. He is also a member of the Council of the English Institute of Chartered Accountants, where the presidency may yet come his way.

Hugh Patterson

HUGH PROUDFOOT Patterson has been senior partner of Whinney Murray since 1973. In the past year he has taken his firm into the largest single merger the UK accounting profession has ever seen—the link with Turquands Barton Mayhew. The combined firm has over 180 partners and probably ranks third in order of size among the big accounting firms. It now practices under the name Ernst and Whinney, a title which reflects the combination into one international accounting group of Ernst and Ernst of the U.S., one of the Big Eight firms, and Whinney Murray.

Mr. Patterson is a tough, austere, cautious and careful individual. He came to head Whinney Murray by a path which would seem unlikely today, for such a major firm. He did not go to university. After qualifying as a chartered accountant in 1934 he joined the firm Whinney Smith and Whinney, becoming a partner no less than 10 years later. His initial specialisation was in tax work, moving to the more traditional audit area only in 1965, the year when major changes in UK tax laws were enacted.

Today he still manages to mix client work with the job of running Ernst and Whinney. His main audit clients include Midland Bank and Dunlop. Others have been Bass Charrington and Whitbread. He also headed the firm's team which advised the last Government on the nationalisation of the aircraft and shipbuilding industries.

Perhaps because of his tax background Mr. Patterson has not taken any noticeable part in professional activities outside his own firm. A colleague comments that the vast commitment of other partners in the firm to Institute affairs made it unnecessary, or maybe impossible, for Patterson to get involved.

Asked to reflect of Hugh Patterson's greatest professional achievement, partners in the firm freely admit that this lies in the organisation and efficiency he brought to Whinney Murray. "Without that we would never have been able to merge with Turquands," comments one partner.

David Rae Smith

FOR DAVID Rae Smith, Deloitte Haskins and Sells is something of a family firm—his father, Sir Alan Rae Smith, was a leading partner before him. Now, at 59, Mr. Rae Smith is senior partner of a firm which stands very near the top of the UK accounting league table. It is a position which owes a good deal to the impact of one of the largest UK accounting mergers—the 1974 union of Deloittes with Harmood Banner which took place fairly soon after Mr. Rae Smith became senior partner in October 1973.

He joined Deloittes, his only firm, in 1946. He has specialised in audits—large, medium and small—and has been active in investigations, new issues and general financial advice. On the other hand, he has never become involved in tax affairs or management consultancy.

David Rae Smith has active interests outside Deloittes. Since 1961 he has been Honorary Treasurer of the Royal Institute of International Affairs, work for which he was awarded the CBE in 1976. At the English Institute of Chartered Accountants he sat for a number of years on the overseas relations committee. In his spare time he enjoys horseracing.

His period as senior partner has provided plenty of challenges. Another major development for the firm after the Harmood Banner merger was the cementing of the relationship with the U.S. firm Haskins and Sells, which led to the adoption of the common trading name Deloitte Haskins and Sells from May 1978. This change marked a stage in the slow process of a complete amalgamation of the two firms.

Recently too the UK firm embarked on major management changes. Mr. Rae Smith told partners and staff in April this year that the structure created after the Harmood merger "had begun to show signs of creaking in some areas." Now the senior partner is backed up by two new executive partners, the managing partner of the UK firm and the international partner.

These moves relax some of the burdens on David Rae Smith, but he insists that as senior partner he will still be "the focal point in the partnership both internally and externally." He points out that clients come to see the senior partner for general advice. "They see me as an independent man of business affairs, to whom they can chat in confidence."

James Macnair

JAMES MACNAIR is senior partner of the London partnership of Thomson McLintock and joint chairman of the UK firm's policy committee, a post which he shares with John Kirkpatrick, senior partner of the Scottish TMcL partnership. To the outside world it all seems very unwieldly, all the more so when it is appreciated that there are no fewer than 12 separate and largely autonomous Thomson McLintock partnerships througout the UK. They are held together by the UK policy committee, which is said to have "considerable persuasive powers."

James Macnair became the senior man in London in April 1978, in succession to Sir William Slimmings. After reading history at Oxford he had joined the firm where his uncle was already a partner. Mr. Macnair himself was admitted to the London partnership in 1953 and for many of his early years worked closely with Sir William. Colleagues say he cannot be categorised as an audit or tax partner. "He was a general partner, as opposed to a specialist."

In later years James Macnair became increasingly concerned with the development of the practice. His particular contribution has come in the expansion of McLintock's international coverage, through the group of firms which is now known around the world as McLintock Main Lafrentz.

In this organisation Thomson McLintock is definitely one of the main partners. It is a tribute to the strength of the international firm that it has not fallen apart like so many others in the fast-changing international accounting world of recent times. In particular Thomson McLintock has resisted the offers of Klynveld Kraayenhof and Deutsche Treuhand, two leading Continental firms to leave McLintock Main Lafrentz to form a new European partnership to compete with the Big Eight. Instead, it has been successful in getting both firms interested in joining McLintock Main Lafrentz.

If the international partnership which the current talks appear to be aiming at comes about James Macnair's skills and international accounting expertise will be much in demand.

James Macnair is a senior partner in the traditional mould. He has progressed within his own firm and is also a leading personality and thinker on professional and technical accounting matters. He is a council member of the Institute of Chartered Accountants of Scotland.

Within the London firm Mr. Macnair does not have direct executive responsibility for managing the partnership—London has its own policy committee. He retains an interest in a number of audit clients, including Associated British Foods, the National Enterprise Board and UK Optical Group and is a specialist in the aircraft industry.

David Richards

NEXT MAY the English Institute of Chartered Accountants will hold a week of celebrations to mark its centenary. The occasion will be signalled by an international conference, an exhibition and a centenary ball among much else (though the Post Office has turned down the suggestion of a special postage stamp issue). The man who will preside over all the festivities will be David Richards, who was elected as President of the Institute on June 6.

Mr. Richards has made rapid progress through the professional societies and committees. During the 1960s he was prominent in the London and District Society of Chartered Accountants, becoming chairman in 1969-70. He was then elected to the Council of the Institute in 1970; since then he has been at various times chairman of the auditing practices committee, the post-qualifying education committee and the research committee.

He was educated at Highgate School and qualified in 1951 with the firm of Harmood Banner, of which he soon became one of the youngest partners. In 1974 this was absorbed into the larger grouping which now trades under the title Deloitte Haskins and Sells. The link with Harmood Banner has caused occasional embarrassment, however, in the light of adverse publicity resulting from the collapse of the fringe bank London and County Securities, of which Harmood had been auditors.

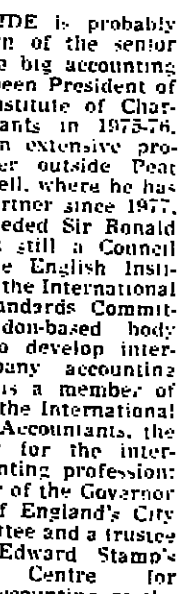
Though Mr. Richards carried no personal blame his firm was criticised in a Department of Trade Inspector's report, and he thought it right to tender his resignation as chairman of the auditing practices commitee in 1976. Clearly this problem has not lost him any respect within the profession. But there is an awkward possibility that the £8m claim by the London and County liquidator against Harmood could come into court in 1980.

David Richards has just spent a year as chairman of the Institute's public relations and communications advisory committee and has been a member of the centenary celebrations working party, so he will be fully prepared for the hectic schedules of the year ahead. It does not look as though he will have much time for his hobbies, which include golf, tennis, sailing and church music. He is 50.

Curiously enough, his election this year perpetuates a sequence in which partners of Deloittes—or one of the firms it has absorbed—have held the presidency in the Institute's 25th, 50th, 75th and now 100th year.

ACCOUNTANCY V

John Grenside



JOHN GRENSIDE is probably the best known of the senior partners of the big accounting firms, having been President of the English Institute of Chartered Accountants in 1975-76. He has had an extensive professional career outside Peat Marwick Mitchell, where he has been senior partner since 1977, when he succeeded Sir Ronald Leach. He is still a Council member of the English Institute: he sits on the International Accounting Standards Committee, the London-based body which seeks to develop international company accounting standards: he is a member of the Council of the International Federation of Accountants, the umbrella body for the international accounting profession: he is a member of the Governor of the Bank of England's City Liaison Committee and a trustee of Professor Edward Stamp's International Centre for Research in Accounting at the University of Lancaster.

In professional circle, Mr. Grenside is regarded as an impressive and formidable performer and one of the "strong men" of British accounting. In this area he is backed up by Michael Renshall, former technical director of the English Institute, who became a Peat Marwick partner a couple of years ago.

In the area of accounting standards Mr Grenside is regarded as one of the more cautious senior accountants in the City.

As to the future, John Grenside has no doubts about his role at Peat Marwick. "We must recognise the changing face of accounting in this country. We have to accept that we live in a robust atmosphere where demands from the public, and through competition, are increasing all the time."

When it comes to the revelation of even the broadest figures for his own firm's performance he is immovable. Such questions are simply motivated by curiosity, he declares—though he apparently sees nothing wrong with his partners in the U.S. firm publishing an annual Peat Marwick Mitchell report and accounts.

Following the past few years of heavy criticism against the profession, and the big accounting firms in particular, efforts have been made to present a better public face in the area of discipline. In this John Grenside has played a major role. His committee's proposals for a reform of professional investigative and disciplinary procedures have recently been approved by vast majorities of accountants in all the professional bodies. The scheme allows the accounting bodies to take action for the first time against firms or members for bad workmanship.

The UK partnership of Peat Marwick Mitchell itself has been spared the sort of "public cases" that the Grenside scheme is intended to deal with. However, the Continental Europe PMM firm, which works closely with London, has not been so fortunate. Here the German arm of the firm is still contesting a court award of DM 5m in damages in an action brought by a company associated with UDS Group, following the collapse of the Bieberhaus department store in Frankfurt in 1975. Total damages claimed in the case run to some DM 35m, with interest and costs as well.

John Darby

A SPELL of national service as a pilot in the RAF proved to be an important break in the career of John Darby. Educated at Charterhouse, he was articled with Kidsons in London. But when he left the RAF in 1955 he chose to join Arthur Young McClelland Moores. "It was a good moment to have a change," he says. "I wanted to join an international firm."

His rise was rapid. He became a partner in 1959 at the age of 29, and chairman of the firm in 1974. He is also a member of the 12-man policy committee of the international firm which looks after the worldwide branch network and supervises quality controls.

Responsibilities as chairman of the 86-partner UK firm take up two-thirds of Mr. Darby's time. But he still manages to keep his hand in with his personal professional specialities, notably patent extension cases and corporate finance work. He has had to drop the company doctor type directorships he used to hold, however.

Outside the firm, Dr. Darby sat for five years on the English Institute's overseas relations committee, for the last two years as vice-chairman. But he has now made way for another Arthur Young partner here.

John Darby appears to take a fairly strong line on disciplinary and enforcement questions within the field of accountancy. He believes that companies must be forced to obey accounting standards in all material respects, and that it should not be acceptable for non-compliers to escape only with a qualification to the report. But he is concerned that this discipline cannot be enforced by the accounting profession alone, while the Stock Exchange "seems curiously reluctant about assisting with the necessary enforcement procedures."

As for Arthur Young, Mr. Darby comments: "We try to be the quality members of the Big Eight. We are not interested in size for size's sake." Do they want to grow? "Big mergers are not our style at all."

Douglas Baker

DOUGLAS BAKER has an imposing list of titles and positions at Touche Ross. He is managing partner of the UK firm, a member of the U.S. firm's executive committee and vice-chairman of Touche Ross International.

Essentially he is the chief executive of the British firm, which he seeks to run on company lines. It is not a straightforward task. "A partnership is a poor form of corporate entity," says Mr. Baker. "I am walking a tightrope between the needs of running the practice and at the same time allowing partners their essential professional independence."

Now 50, he has been with Touche Ross ever since joining at the age of 16 in 1945, with only a short break for National Service with the Royal Navy.

He began in auditing, but then moved through the tax, investment trust and secretarial departments before becoming partner in charge of the secretarial and registration departments in 1960. He has been a member of the Board of Partners since 1964, became an international partner in 1966, and assistant managing partner in 1969. In 1975 he moved up to his present position at the top of the management of the British firm.

His most difficult problem has probably been the scandal over the 1975 accounts of Scottish and Universal Investments, in which Touche Ross allowed £4.7m of loans to appear wrongly classified as cash. The firm subsequently resigned the audit.

Internationally it is his job to maintain relationships within the Touche Ross worldwide structure, which is constructed as a federation of national firms run independently but to a common pattern. The nature of the organisation was typified last year by the forging of links with the big Middle East firm of Saba and Co., which had broken away from the more centrally run Arthur Andersen.

Mr. Baker is an administrator, with no personal client work. He has not taken part in activities within the English Institute, though he points out that the Touche Ross partnership has provided three presidents of the English and Scottish institutes since 1970. "I have only one job in life," he says, "and that is trying to manage Touche Ross."

Michael Coates

MICHAEL COATES is typical of the breed of senior partners who are managers first and foremost. Indeed as senior partner of Price Waterhouse he has no client responsibilities. Colleagues describe him simply as "an organisation man" and say his greatest contribution to Price Waterhouse is the way he has developed the firm into an efficient business. This is evidenced by numerous full-time appointments of partners without client responsibilities, as for example in areas like technical services, taxation, training, personnel and finance.

Michael Coates is particularly strong on forward planning, and his counterparts in other major firms are only too well aware of how successful he has been. Under his direction, particularly in the past few years, Price Waterhouse has become the most competitive and aggressive of the big firms.

Mr. Coates qualified as a chartered accountant in 1951, having been articled with Price Waterhouse in Newcastle, where his father was a partner—and still has an office. He transferred to the London office a few years later and became a partner in 1959. He emerged as senior partner of the firm in 1974, having been chosen for the post by partners in preference to Martin Harris. Mr. Harris subsequently left the firm to become Director General of the Takeover Panel, and is now finance director of Reckitt and Colman.

In contrast with Martin Harris, Michael Coates is a shy, retiring personality. PW partners have had to accept that he is not a man for the limelight. But one of them says it is much better for the firm to have a senior partner who is devoted to developing the organisation rather than his own professional career. Certainly, Michael Coates has never seemed to do the latter outside the firm, and has taken no noticeable part in professional or Institute affairs. It may be said, however, that any gap has been well filled by other PW partners, including Tom Watts, now chairman of the Accounting Standards Committee, and Richard Wilkes, who is deputy president of the English Institute.

Michael Coates will shortly be reappointed as senior partner of Price Waterhouse for another five-year term which will take him up to the age of 60.

Hurdling the exams

CAREER - MINDED French youngsters are reputed to look on any course of training which does not have a high proportion of failures as simply not worth while. In the UK's formal education system, however, a course which had enough failures to satisfy the French would be not only shunned by potential students but also probably closed down by the educational authorities.

Nobody can be sure why the general attitude among British youth should be marked less by ambition to achieve success at a price than by anxiety to avoid failure at all costs. But the trait is liable to become increasingly important to Britain's professional institutes of accountancy.

Led by the Institute of Chartered Accountants of Scotland, these bodies have become increasingly reliant on formal educational institutions and criteria, both for their professional training and for their intakes of students. In general the minimum level of education required for acceptance as an accountancy trainee is two passes at GCE A level—the same as for university entrance. But a rising proportion of each year's new trainees consists of graduates. Of the 4,973 student members accepted last year by the Institute of Chartered Accountants in England and Wales, for example, 67 per cent had degrees from universities or polytechnics.

Lower

By the same process the qualifying examinations of the professional bodies have become increasingly academic in character but with—in the case of the accountancy institutes responsible for the greater part of the annual intake—one notable exception. It is that the rates of pass in their qualifying examinations are a good deal lower than the rates which would be acceptable in the UK's formal education system.

How many students never complete their training can be only roughly estimated. In the England and Wales Chartered Institute, which with 66,000 qualified members is bigger than the other five main bodies put together, the proportion of total failures is thought to be 30 per cent. Since the majority of these seem to be trainees of nationalities other than British, there may well be a still higher total failure rate in the 20,000-strong Association of Certified Accountants, which evidently has a particularly high percentage of student-members from overseas.

It appears likely, therefore, that the overall "eventual pass rate" will be 60 to 70 per cent of those intitially accepted as students. This in itself is no higher than the pass rates in the GCE A level exams where, in the most popular subjects, the award of the various pass grades is primarily decided according to predetermined statistical norms—the highest marked 10 per cent are awarded an A grade, about the next 15 per cent a B, the next 10 per cent a C, the next 15 per cent a D, and the next 20 per cent an E which is the final pass category.

But A levels are an inappropriate comparison. The most suitable formal educational yardstick for the acountancy results is the outcome of degree examinations, where the eventual pass rate is about 84 per cent.

Moreover, the loosely estimated eventual pass rate for accountancy is not publicly prominent. The result which draws attention is the proportion of those entering the final qualifying exams who pass first time. In the latest finals of the Institute of Chartered Accountants in England and Wales this was 27.5 per cent for graduates, and 23.2 per cent for non-graduates. The total percentage of passes among entrants for degree-exams is more than 90 per cent.

It is true that accountancy's appearance of extreme difficulty has not prevented a remarkable growth over the past decade in the choice of accountancy training by youngsters with high levels of formal education. The average annual increase of graduate trainees, in particular, has been about 31 per cent. But the explanation for the growth is probably that the 18-21 age group has been increasing while recruitment into most forms of highly regarded work other than accountancy has been sporadic, if not declining.

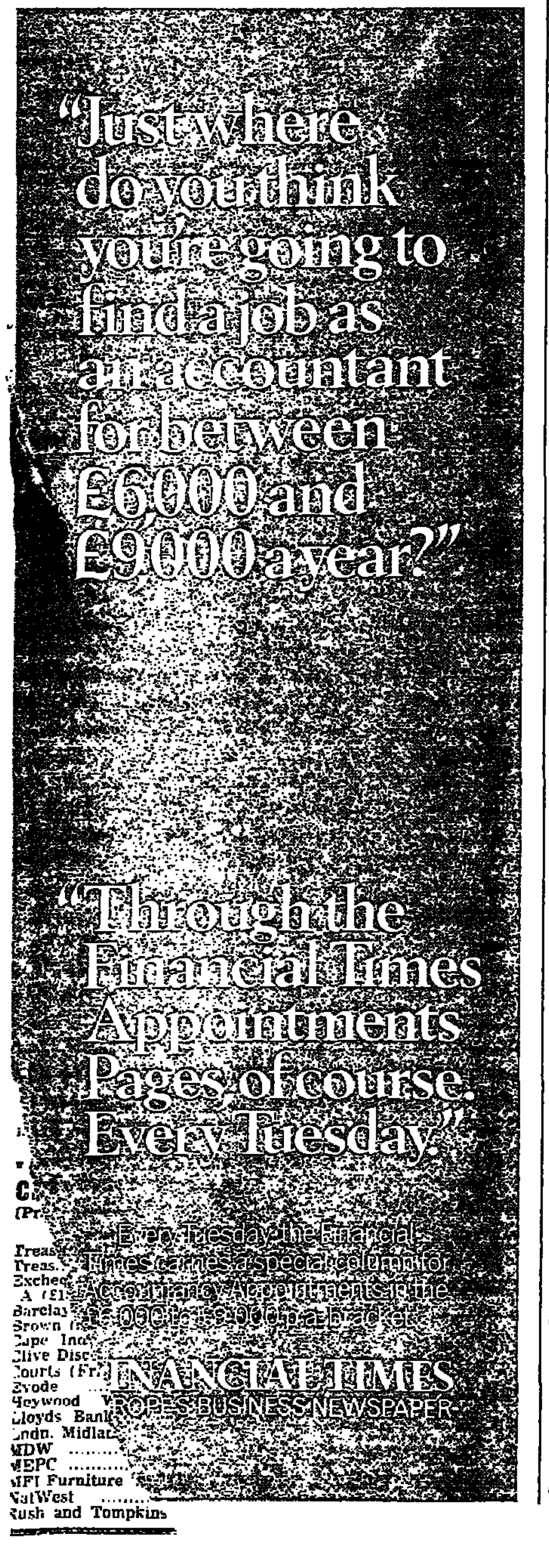
Sharply

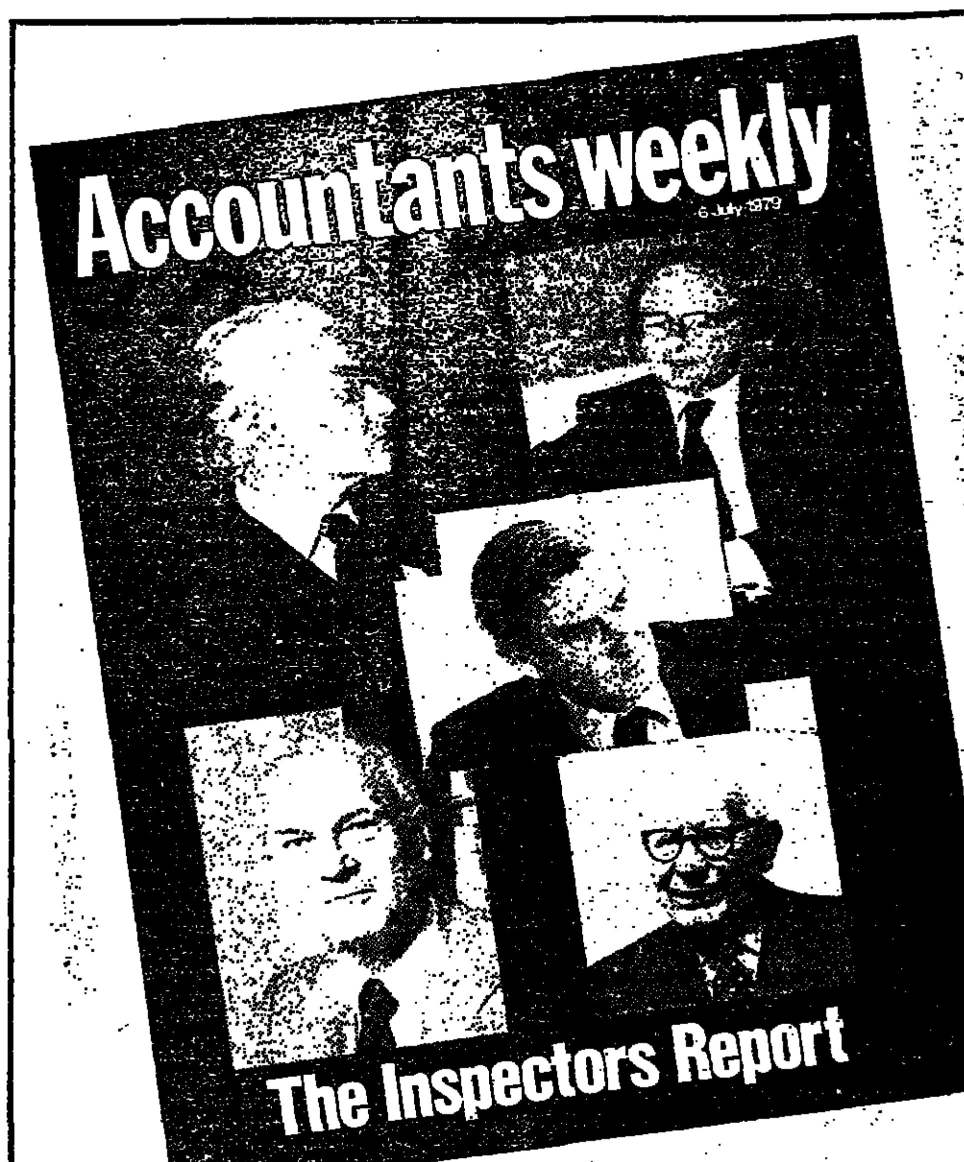
From the mid-1980s, however, the numbers of people emerging from education with two A-level passes and degrees will fall sharply in train of the reduced birth-rate. So it appears that the accountancy institutes will face hardening competition for trainee recruits not only from other forms of employment but also from each other. And amid that competition the relative difficulty of a profession's or a particular institute's qualifying process, as seen by youngsters in formal education, could well be decisive.

How the institutes prepare for this development remains to be seen. But if they are to be fair to their student-members, the only response surely lies in a fundamental revision of their education and examination policies. These are far from perfect. Opinion among the private colleges which prepare accountancy students for their exams is that the England and Wales Chartered Institute unnecessarily burdens its trainees with theoretical study for papers which are inappropriately academic, and that the Certified Association fails to ensure the provision of adequate training for all but a minority of its student-members.

By comparison the Institute of Cost and Management Accountants is said to have a qualifying process which is "just about right." So in the interests of their trainees and of their own future growth, the other five bodies should perhaps sink their pride and go and do likewise.

Michael Dixon
Education Correspondent





Key questions on leadership

IT IS commonplace today to hear people in accountancy talk about the shortage of leaders in the profession. They remember all the good points about the great leaders of the past, and ask how the profession is going to present itself to the public in the years to come, when pressures on auditors and accountants generally are expected to increase.

It is easy to see why such questioning should arise in the late seventies. After all, the British accountancy profession has been through tough times over the past few years.

The whole accounting standard-setting process has increasingly come into controversy: the profession's efforts to introduce systems of inflation accounting have so far come to nothing, there was the humiliating defeat for the establishment when members of the English Institute of Chartered Accountants voted over-whelmingly in 1977 against making any system of cost accounting mandatory, the reputations of auditors have slipped significantly (following the rush of Department of Trade reports after the secondary banking collapse).

Furthermore, efforts to introduce auditing standards have so far come to little while the profession is becoming increasingly divided between the major accounting firms—which run their affairs like multinational businesses, with all the business development practices considered normal in commerce and industry—and the traditional smaller firms, which still aim to provide a general service to individuals and smaller businesses.

Altogether, it is a far cry from the sixties when even the largest firms of the day would be considered medium-sized and probably on the way out, by today's standards. Then the pressures on accountants and auditors were far less. Accounting standards were something the Americans had allowed themselves to be conned into issuing. The "true and fair" view approach was thought much better—and far safer, no doubt.

Auditing standards were unheard of 15 to 20 years ago. Accounting and accountants were then accepted far more on their own terms than they are nowadays. There was little or no attention to accounting matters in the Press, and the profession progressed in cosy comfort with the then professional Press. What the leaders said, went. It was reassuring to be an auditor. Writs for professional negligence claims were hardly admitted.

Course

The Companies' Act and case law was the basis of most accounting and, certainly, the auditing text-books. It was normal to become a chartered accountant in the '60s simply on the basis of a Foulks Lynch correspondence course, with occasional visits to the local students' society for those who wanted a little extra.

As the 1980s approach, all that seems almost another world. As an organised profession, accountacy is still only about a century old and there has probably been more progress in the past decade than the previous 50 years.

Today, the accounting profession and accounting matters can no longer be seen as comprising only that which is dealt with through the professional bodies, under the direct control of officers, such as presidents.

Accounting standards, possibly the single most important area of the profession's public involvement, are dealt with by an Accounting Standards Committee, which would dearly like to distance itself further from Moorgate Place.

The ASC chairman, if anything, has become the most important public man in accounting. Auditing standards are going the same way: there is a joint committee of the professional bodies, entitled the Auditing Practices Committee, with its own chairman. In the area of discipline, the same thing is about to happen.

Though the English Institute of Chartered Accountants still holds sway on just about everything that happens in British accounting, the power of its president has diminished a great deal. There is no way, probably, that he could take public issue with the chairman of ASC and expect to be regarded as the authentic spokesman of accountancy.

While this process of fragmentation has been taking place within the Institute it would appear that the changing demands of professional firms have restricted the numbers of top quality partners prepared to give their time to Institute affairs. Looking at the seven largest firms in the UK, for instance, it is apparent that those senior partners who manage to combine a successful career in their own firms with outside involvements in professional affairs, are decidedly in the minority.

The senior partners of Arthur Young, Deloitte Haskins and Sells, Price Waterhouse, Touche Ross and Ernst and Whinney are distinctly in the administrator category: only those from Coopers and Lybrand, Peat Marwick Mitchell and Thomson McLintock fall into the more traditional mould.

In the case of each of the latter it is probably easy to see how the combination of work for the profession and internal practice administration has been achieved. The point is that these are more the times of accounting managing directors for senior partners.

But why should senior partners give up valuable time for the sake of the profession as a whole, when the competition is getting on with the job? The only answer to this is to be found in the overall status of the accounting profession itself.

"Unless the big firms put their best men into the Institute, they will get the profession they deserve," is how one English Institute official put it. Looking through the list of possible future presidents for the Institute, he felt that the problem was not far off crisis proportions.

Nevertheless, within the accounting profession it is widely alleged, with some truth, that the big accounting firms still control the affairs of the English Institute, which is by far the most important of the professional bodies. All the leading firms will freely admit that they have allocated so many men to Institute activities, generally as part of the practice development programme.

Apart from this, however, it makes a lot of sense for accounting firms to keep in touch with what is going on in the business world. To take one simple example: many Government and City issues are passed round for private consultation among the professions and representative bodies long before they reach the public eye.

Gained

Another indication of what is to be gained from having a man at the Institute, particularly somebody on the Council or the Accounting Standards Committee, is provided by oft-told stories about minutes being circulated within firms after meetings. It can be very useful for client purposes to know precisely what is happening on a particular proposed accounting standard.

Internationally, where today there is so much more emphasis, a seat on the Institute's Overseas Relations Committee would seem to have great intelligence advantages, and so it has, according to one firm. At present, the membership of this committee falls under the control of major firms, all with major international connections.

The point is that involvement with Institute professional affairs need not always be the one-way process it is sometimes made out to be. A seat on an international committee, such as the International Federation of Accountants, would seem an ideal way of doing a "crammer" on international accounting affairs. Indeed, the present chairman of IFAC, Mr. Goerdeler, of Deutsche Treuhand of Germany, would probably say as much.

British accountants, as with all professional men, are extremely conscious of their professional status. The changing face of the profession has reduced the number of senior partners who can devote time to professional affairs.

Increasingly, it would seem that the job of the senior partner is becoming that of a managing director. He is more and more unlikely to have clients of his own. Instead, the men who are chosen (by the practice development-minded senior partner) for Institute affairs today are more likely to be technicians, rather than those dealing directly with clients.

M.L.

Debate on auditing rules

A FEW months ago, Mr. Ian Hay Davison, the colourful senior partner of Arthur Andersen UK, said, in an article, that the proposed new auditing standards were incapable of application to the smaller company. The result, he argued, was that the standards should be filed away until smaller companies are legally exempt from the audit requirement.

The implication of Mr. Davison's reasoning is quite startling: he is saying, quite simply, that there may be hundreds of thousands of companies in Britain today which are receiving unqualified audit opinions which they would not be entitled to if the proposed standards (which do not seem particularly onerous by international standards) were in force.

Mr. Davison went on to suggest that many of the smaller companies may not be keeping proper books of account, as required by the Companies Act, and that there are, therefore, wholesale violations of the Act.

Ian Davison is not the first accountant to come to these conclusions, though in typical style he is one of the few willing to express his views in public. The underlying issue is dynamite in the accounting profession. For if the audit requirement were to be removed for small, family-owned and managed (so-called "proprietary") companies, the vast majority of accounting firms up and down the country would probably lose clients.

In order to provide some consolation for all these firms, the men on the profession's Auditing Practices Committee came up with the idea of the "review," a sort of mini-audit, which all small companies exempt from the audit would have to have.

In practice, it is suggested, the review would involve little change in what most auditors are doing at the present time. On the other hand an advantage it would bring, so it is said, would be fewer negligence claims.

Until the company law position becomes clear, the status, and certainly the value, of the proposed auditing standards, will be in doubt. As events stand, the UK is increasingly looking the odd-man out in the auditing standards area. The profession in the United States has had such standards for 40 years, they exist in Canada and Australia, and even the German profession has had audit standards since 1976.

As the situation stands, the only guiding light for the British auditor is that beautiful phrase in the Companies Act, which says that accounts shall give "a true and fair view" and the auditor must state in his report whether, in his opinion, they do. There is no definition of what is true and fair, though it would seem sensible to say that the growing body of accounting standards provide a framework within which most accounting policies could be assessed for truth and fairness.

This is all very well. But it looks very odd, in practice, if an auditor says a company's accounts give a true and fair view using one accounting policy for, say, currency translation in year one, another in year two, and possibly reverting back to the old policy again for year three.

The problem arises with new accounting standards: what is true and fair one year is not the next, and in practice both finance directors and auditors seem willing to stretch this one as far as it will go.

If accounting standards are constantly appearing, such difficulties might appear to be merely a passing phase — provided there is some logical basis for the whole accounting approach, enabling auditors to judge in areas yet to standardise what is in line with the underlying convention.

Reconcile

In practice, however, there is no longer an agreed underlying convention. It appears to have been, though nobody says so, the notion of historic cost. But there is no way that some of today's accounting standards could reconcile with this.

In addition, an increasing number of companies have been adopting quasi-inflation accounting adjustment in their main accounts, suggesting that it is acceptable to produce accounts according to a variety of different conventions, or mixtures of conventions.

In such a changeable and uncertain world it would seem that the auditor's opinion has a potential double value—both in the sense of saying whether the figures follow all the stated accounting policies, and expressing an opinion on the appropriateness of the overall collection of policies.

The latter is something most auditors appear to shy away from. They say, quite rightly, that the accounts are those of the management and that, in any case, it would be a foolish auditor indeed who would lay his head on the block by saying that one set of policies was appropriate, while another set was not.

The issue is not unconnected with the question whether the true and fair view should be assessed on the basis of the profit measured on the face of the income statement, or on the basis of the income statement as adjusted by any items shown in the notes. The matter received some discussion in the Department of Trade inspectors' report on Court Line.

Another aspect of auditing which deserves mention is the concept of materiality. There are many references to this in the Companies Acts, and auditors generally look at the extent of errors or non-disclosure in accounts according to whether the item concern is material.

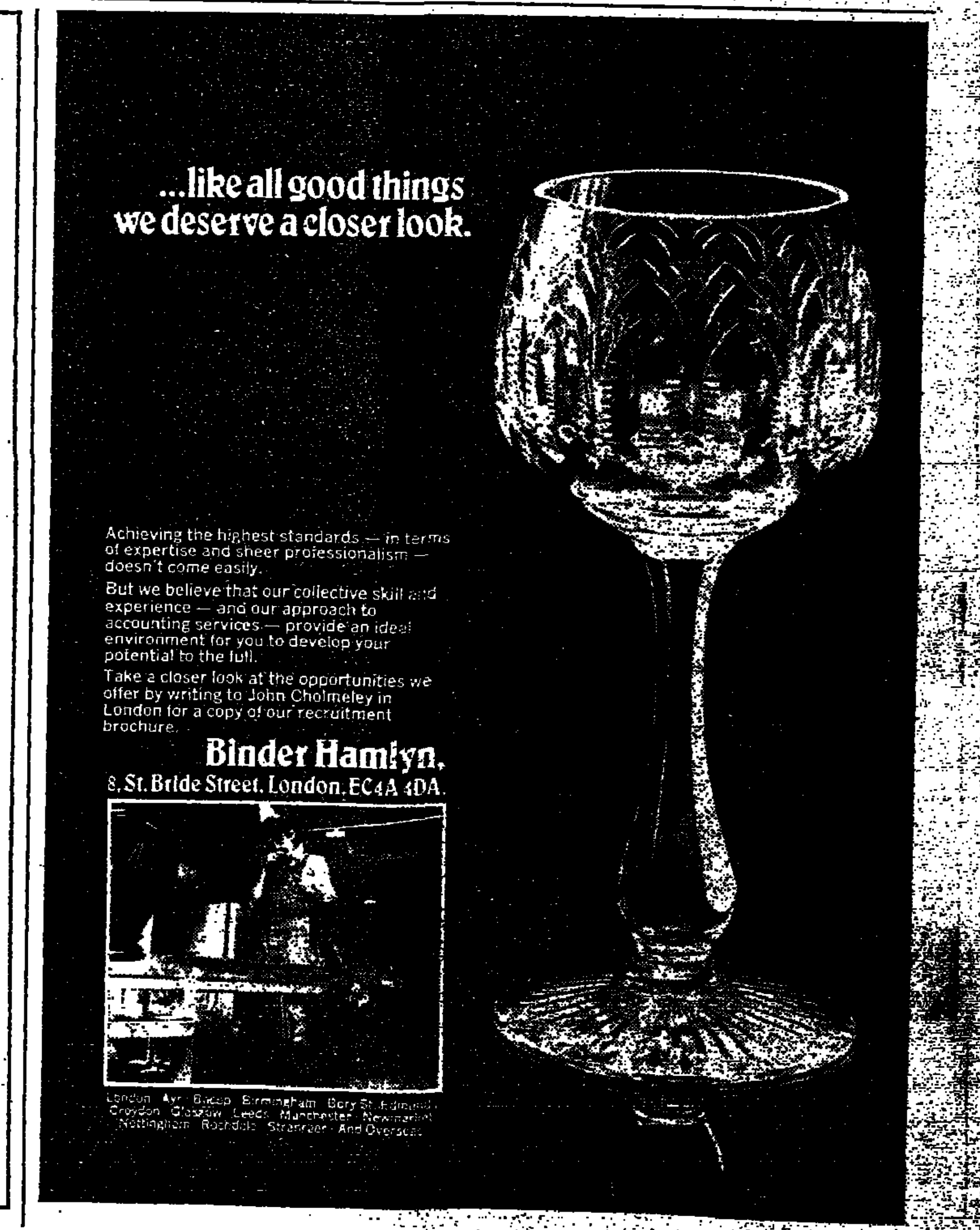
In other words, it might be that by adopting a different stock valuation policy than that allowed for in the relevant accounting standard profits for the year are overrated by more than 10 per cent. This would obviously be a material difference and auditors might be expected to qualify their opinion on such accounts.

In practice, of course, there is no definition, or even limits for what ought to be considered material. Different accounting firms most probably have different ideas on this. Indeed, it is said that while one of the major firms is an enthusiastic backer of tough accounting standards, its approach on audit is to take a broad view of materiality—whereas another firm, which tends to favour flexible standards, is much more willing to qualify on the basis of material differences from standards.

It all comes down to saying that auditing in the UK is still totally an area where the auditors' judgment is paramount. There are no rules for good audits, and there are precious few ways in which a shareholder can determine whether an auditor is doing his job. That normally has to wait until the company lands in trouble, when there is an independent inquiry.

When auditors are criticised as a result of such inquiries, one of their usual defences is that the inspectors are applying hindsight (and today's standards) to work carried out years ago, when different standards applied. This will remain a perfectly viable defence until the UK accounting profession is forced towards the issuance of definitive and binding audit standards.

M.L.



UK still leads the field

BRITISH ACCOUNTING is still the best in Europe—but not by much, and British reporting trails behind the standards of disclosure and presentation often achieved by big Continental companies. That is the broad conclusion to be gained from the recently published 1979 Financial Times survey* of 100 major European companies' reports and accounts.

The survey covered the annual reports of 15 of the largest British companies, along with the reports of the two big Anglo-Dutch multinationals Royal Dutch/Shell and Unilever, in a sample which included reports from a dozen countries altogether in Europe.

A top 10 was picked on the basis of marks scored in accordance with selected criteria. This threw up the result that three British companies appeared in the top 10—but the highest, ICI, could only manage number six. The other two were BP at number eight, and BAT Industries in ninth position.

This survey dealt, of course, with only the very largest companies. It could not shed any light on reporting standards attained by the broad mass of listed and unlisted companies.

Certain clear conclusions emerged from the study of the 100 companies. The British companies as a whole provided the most advanced accounting information, this being judged against the yardsticks set by the *requirements and proposals of* the International Accounting Standards Committee. Up to the end of 1978 the IASC had published nine full standards and five further exposure drafts.

There was not, however, a great margin of superiority over the Swedish and Dutch companies (though the general standard then fell more noticeably for the other countries). Broadly, the 15 British companies showed *few exceptions* from IASC standards, though it emerged that most UK companies did not reveal the cost formula for stock valuation while in several cases depreciation methods were not disclosed; a number of companies did not depreciate buildings.

Impact

Ten of the fifteen companies published supplementary statements designed to reflect the impact of inflation on the results. It was noted that most UK companies observe the closing rate method for currency translation. One point for criticism was that few companies were very forthcoming in the area of pensions accounting.

Another interesting conclusion was that there was an inverse relationship between the length of European company reports and the quality of the accounting information they contained. Annual reports from the UK checked in at an average 35 pages. The overall European average was 57 pages. But the Italian reports reached an average of 82 pages and were generally reckoned to be of very nearly the lowest quality.

This clearly tied in with another obvious feature of the reports in the survey. The Continental reports were *often* much more progressive in their approach to extra-statutory disclosures than were those of the British companies.

It appears that companies from countries like France, Sweden and the Netherlands are leading the way in newer, and sometimes more controversial, areas. These developments include employment for personnel reports, statements about prospects, and reports on research and development activities.

The large Continental companies are developing the concept of the *annual report* far beyond that of a purely financial statement. It is a trend which British companies appear more reluctant to follow. Why should this be?

One reason is that British companies tend to have many *more individual* shareholders than their European counterparts. They are therefore concerned about the sheer cost of printing and posting bulky documents. The skimpiest report out of the 100 was that of Great Universal Stores at only 23 pages, while GEC managed to cram the information into 28 pages.

It is interesting to note that British companies do not have the ability of some Continental groups to send out a condensed report to shareholders and reserve the full report to a more restricted readership.

But there are suggestions from parts of the UK accounting profession that the idea of the simplified report should be *developed. Shareholders* have often complained in recent years at the growing indigestibility of annual reports, which have become more complex partly because of the increasing requirements for statutory disclosures and partly because of the profession's imposition of more and more accounting standards. The new current cost exposure draft, for instance, calls for supplementary current cost profit and loss accounts and balance sheets. This can only add to the length of annual reports.

In these circumstances companies have been reluctant to make the problem worse. Meanwhile they have often been experimenting with simplified reports designed for employees, which companies appear to feel is a much more urgent area to tackle.

But while British companies have been concentrating their efforts on separate employee reports, they have been lagging in their coverage of employment questions within the annual report itself. Many companies limit themselves to the statutory requirements, which cover the average number of UK employees, aggregate remuneration, and the numbers falling within certain income bands. Incidentally, inflation has now brought many more employees into these £10,000-plus bands which were originally designed to catch only the very highest paid senior managers.

In contrast, some European companies include comprehensive information on numbers of employees, hours worked, pay, productivity and a great deal of other information. However, *among the British companies* both BP and Marks and Spencer devote a full page of their reports to employment policies.

Another challenging area is that of statements about prospects. Some of the Dutch and Swedish companies set the *standard here, giving the directors'* views on the development of demand and its impact on sales *and profits for the year ahead.* But nine of the British companies said nothing about prospects, and those that did often commented only in a vague way.

In several of the *financial* areas of disclosure and presentation the British reports did well, however. In segmental reporting, for instance, the UK companies emerged as being much in advance of the remainder (apart from the two international companies). All the UK reports featured segmented data, which in general was well presented though not all companies appeared to be enthusiastic.

Added value statements were a comparatively common feature of the British reports, being given by 7 out of 15. Only the Germans did better. But it is annoying that the two countries calculate added value *differently*—the Germans do not regard depreciation as part of added value but the British do. In all, just a quarter of the 100 companies made a good effort at producing an added value statement.

As for speed of publication, the British annual reports were produced with close to the average delay. The measure used was the time to elapse between the financial year-end and the date of the audit report (if it carried one). The UK reports took 98.5 days on average, against an overall average of 97.9 days.

There were, however, some puzzling discrepancies. Marks and Spencer managed to produce its report within the impressive schedule of 33 days, whereas it took another retailing group, Great Universal Stores, no less than six months and 28 days.

B.R.

** 1979 Financial Times Survey of 100 major European companies' reports and accounts: £75.*

THE BIG ACCOUNTING FIRMS IN BRITAIN

		Partners	Professional staff*	Staff/partner ratio	Total	Estimated gross fee income 1978-79 £m
1	Peat Marwick Mitchell	150	2,800	18.66	2,950	32.0
2	Ernst & Whinney	183	2,500	13.66	2,683	29.5
3	Deloitte Haskins Sells	190	2,335	12.28	2,525	27.8
4	Coopers and Lybrand	132	1,819	13.78	1,951	21.5
5	Price Waterhouse	131	1,810	13.81	1,941	21.3
6	Touche Ross	90	1,300	14.44	1,390	15.3
7	Arthur Young McCelland Moores	84	1,300	15.48	1,384	16.0
8	Thomson McLintock	120	1,245	10.37	1,365	15.5
9	Arthur Andersen	50	910	18.20	960	10.5
10	Thornton Baker	213	1,817	8.53	2,030	22.0
11	Tansley Witt	99	880	8.88	979	9.2
12	Spicer and Pegler	81	897	11.07	978	11.0
13	Mann Judd	82	830	10.12	912	11.5
14	Pannell Fitzpatrick	101	705	6.98	806	9.0
15	Josolyne Layton Bennett	100	690	6.90	790	8.7
16	Binder Hamlyn	76	613	8.06	689	7.6
17	Robson Rhodes	54	527	9.75	581	7.4
18	Kidsons	90	453	5.03	543	6.5
19	Neville Russell	68	450	6.61	518	6.0
20	Deardens	58	413	7.12	471	5.2
21	Stoy Hayward	32	375	11.71	407	4.5
22	Armitage and Norton	45	345	7.66	390	4.5
23	Moore Stephens	30	260	8.66	290	3.2
24	Finnie Ross Allfields	29	250	8.62	279	3.0

* Excludes ancillary staff such as secretaries. The figures in this table are based on information as supplied.

Privileged companies

THE CONTROVERSY which surrounded the recent "fuller disclosure" by the clearing *banks of their bad and doubtful* debt provisions has rekindled interest in some quarters in those highly privileged companies which are granted the right under the Companies Act not to reveal their true profits from one year to the next. The *group includes banking,* discount, insurance and shipping companies.

In the case of the clearing banks the statutory exemption *no longer applies. It was with*drawn by statutory instrument in 1970 when the banks claimed to have disclosed true profits for the first time. In recent years doubts have been cast upon this, not least by the Price Commission report on bank charges. *Essentially critics of the banks* say that their so-called general provisions are not provisions at *all,* at least not *all* of them. Instead they are thought to be reserves, which means they are an undisclosed part of capital, or shareholders' funds. What the clearers did in their last accounts was to reveal the aggregate amounts of what they call specific and *general* bad debt provisions. The disclosure was generally thought to be of little value in the stock market analyst community, which has long harboured suspicions that the general provision is used by some clearing banks as a means of smoothing profits from year to year. The banks deny that this is so, though it is only fair *to say that some* bankers are prepared to cast doubt privately on the general provision's justification.

The clearing banks are reconsidering their position on this matter at the present time. What accounts users are hoping for is a move to split the disclosure between the general and specific provisions, with all movements therein also revealed. Individual senior bankers are in favour of this. But progress may be delayed until all are agreed on what to do.

On the other hand, there are those, possibly the majority among the top echelons of British banking, who argue that banks are special creatures deserving of their own accounting treatment. They point wistfully to the members of the Accepting Houses Committee, the traditional London merchant banks, who still enjoy the exemption under the Companies Act. Certainly the accounts of these merchant banks take some understanding, and many, including merchant bankers, would say the amount of information to be gained from looking at them is hardly worth the effort. In some cases—Baring Brothers is an example—the merchant banks make no pretence at showing true profits. They simply disclose the dividend and call the *same* amount the profit for the year.

It is not clear how individual auditors judge truth and fairness (the accounts are not required to give a true and fair view) in a merchant bank's accounts. People in the banks themselves will say that they are considerably restricted by what the auditors will allow them to do. It seems to amount to some understanding that *the published figures should* reflect the underlying real profits trend over the years. But this could apparently mean that in a year where profits are really up 50 per cent the auditor is happy with only the slightest indication of an *upturn.*

Many merchant bankers *would say* that they do not expect their privilege to remain for many more years, though naturally they *will seek* to retain it as long as possible. They express concern at proposals for a bank accounts directive from Brussels. But indications are that this leaves the whole matter of secret reserves and profit smoothing *wide open.*

Whatever may be said about British bank accounts the same is true, indeed more so, in the case of banks in probably every other country of the world, apart from the United States. Even in Canada it is still not a legal requirement for banks to consolidate all subsidiaries (the rule applies only to wholly-owned subsidiaries), let alone associates. This position is *now about to change,* and experts predict that the new law will take Canadian bank accounting well up to U.S. standards.

Moves

The banks will also need to keep an eye on international moves to improve the quality of their accounts. The International Accounting Standards Committee (the London-based body which is seeking to develop international accounting standards) is about to publish a discussion paper on the subject of bank accounts in association with the so-called Basle Committee—the Group of Ten Central Banks and Switzerland. The paper is believed to make it clear that bank accounts which *contain excessive* provisions and secret reserves cannot present a fair view. However, a section on window-dressing, the practice of arranging year-end artificial transactions (which are reversed after the balance sheet date) to alter the accounts has been dropped after some protests.

The IASC initiative is related to growing fears among central banks, particularly those of the U.S., Germany and Switzerland, about the lack of control in the Eurocurrency market. To counter this, proposals have been made for the introduction of reserve ratios for international banks. This in turn has led to *demands* that banks should be required to publish consolidated accounts—a move which the Swiss central bank is said to have taken a year ago.

The underlying justification for the privilege to create secret reserves, be it in the accounts of banks, insurance companies or shipping companies, is the belief that this is essential for the maintenance of confidence. The argument can be seen at its best in relation to banks, and it was because of all the bank failures over the decades that the exemption appears to have been thought of. Today *banking is still an uncertain* business, and bankers are not men to trust in politicians. Their experience is that things go wrong, on average, every now and again.

The question society—shareholders, investors, depositors, *the public—has to answer is* whether it wants to be informed of the true state of a bank's performance, including all the bad points, or whether it prefers *to be left guessing. There is* a lot to be said for the view that bad news always gets out pretty quickly. In that case privileged accounting rules simply cushion management from the consequence of their own decisions.

M.L.

Recruitment still at a high level

WHEN THE Government announced its general ban on public-sector recruitment, an anonymous official at the Civil Service Commission struggled hard to find some bright side to look on. "There will be exceptions to the ban, of course," he told me. "Indeed, the first of the exceptions will probably be approved by Ministers, and the jobs in question be advertised in the very near future."

"What sort of jobs will the exceptions be?" I asked, suspecting that I already knew the answer. And sure enough, I did. "Oh, they'll be for accountants," the official replied.

The month or so which has followed the above conversation has further reinforced the impression that, where job prospects are concerned, it would have to be an almost incredibly ill wind that failed to blow accountants any good.

Reports from university campuses indicate that while the Civil Service has frozen its demand for new graduate staff in general, recruitment is still proceeding merrily for some areas of central Government—notably the Exchequer and Audit branch. Local government also now appears to be cutting its previous orders for new graduate recruits, with the prominent exception of some hundreds needed for accounting jobs.

Asked to explain these phenomena, an expert on graduate-recruitment scarcely hesitated before replying: 'Well, I expect central Government and local councils think that they will need more accounting staff to help them to work out how best to cut back on employment in other kinds of work." If so, the public sector is merely following the example set by the private sector where marked increases in recruitment of accountants at particular times in the past decade, have been the preludes to extensive dismissals of managers and other kinds of worker.

But the savings of manpower calculated as necessary by the accountants rarely if ever seem to include noticeable redundancies among their own profession, which has consequently acquired a reputation for remarkably high job security. This may well explain the growth of of interest in accountancy careers among the nation's young.

Take for instance the number of people known by university careers advisers to have followed graduation by entering training for the chartered branch of the profession. In 1969 the number was 729, or about 4.2 per cent of the total who went directly into all kinds of regular employment in the UK. Last year, the number had increased to 2,794, or about 9.6 per cent of the corresponding total.

But the above figures from the universities—which leave out of reckoning large numbers of graduates who have not notified their careers advisers of their subsequent movements—greatly underestimate the annual intake of people into training for the accountancy profession as a whole.

Intake

The Institute of Chartered Accountants in England and Wales talks of an annual intake, which it intends to maintain, of roughly 4,500 trainees, of whom probably 3,000-plus are graduates. Degree-winners doubtless make up at least an equal proportion of approximately 500 more youngsters who annually begin training for the Chartered Institutes respectively of Scotland, and in Ireland. A further 4,500 or so probably set out to qualify with either the Association of Certified Accountants or the Institute of Cost and Management Accountants, many of these after taking up relevant jobs in industry and commerce. In addition, some 500 take up similar work in the public service with a view to qualifying with the Chartered Institute of Public Finance and Accountancy.

Taken together, therefore, the six main bodies' intake of trainees must now account for about 1 per cent of the annual output of full-time education, or 10 per cent of those who leave education with two passes at GCE Advanced-level or better—which is generally the minimum qualification demanded for initial entry into accountancy training.

Far from all the trainees pass successfully through the examinations, of course. But at present pass-rates, it seems reasonable to suppose that the total membership of the UK's major accountancy institutes already numbers about 120,000 and is increasing by roughly 4,000 to 5,000 qualified people a year.

Doubtless this expansion is just cause for uncharacteristic jollity in the professional institutes. Probably, on the evidence of the exceptions from the public-sector curbs on recruitment, the expansion bodes no ill for individuals already qualified or set to do so within the next two or three years. But what are the implications for the job prospects of those who will qualify in the middle to later 1980s when, if rates of entry continue at their current levels, somewhere between two-thirds and three-quarters of accredited accountants will be aged under 45?

For a race of people commonly supposed to look on the darker side, those in the institutes are surprisingly cheerful in their answers to this question. Job prospects for accountants will continue to be buoyant for the next five to six years at least, they believe. And they do so regardless of the several provisos which an external observer might think reason for a considerable discounting of optimism.

One proviso is that the advent of a Conservative Government might spell the end to the spiral of work-creation whereby increasing and more complicated taxation has led to the employment of more accountants to minimise tax, which in turn has led to the recruitment of more tax inspectors to minimise the minimisation, and so on. A typical, professional rebuttal of this doubt is that the reducing and simplifying of tax, even if it were accomplished to a significant degree, would have little effect on the job prospects. "You see, tax-avoidance has never been and still isn't an important supplier of jobs for accountants. It's quite wrong to suppose that acres of them are employed to minimise taxation."

A second proviso—the likely effect of microprocessor technology—brings an admission of probable changes in the pattern of demand for accountancy services.

Shift

"One might expect a shift in auditing practices which could reduce the need for people at lower levels of skill. But for the really well equipped, while straightforwardly industrial demand will probably be static at best, there will probably be a growth in intake for jobs concerned with the financial aspects of management, in governmental work as well as in business concerns.

"And that growth will probably be on an international scale, which is where the British-trained accountants have a particular advantage. As things are, multi-national groups and the like know that, skill for skill, they can recruit a UK accountant for a good deal less than they'd have to pay for similarly reliable people from most other countries.

"The result of our being a relatively cheap source is that a lot of members of the main UK institutes are moving up the management ranks of organisations spanning the world, and they'll not unnaturally prefer to recruit from the same source. Of the 66,000 members of the England and Wales Chartered Institute, for example, over 10,000 are working overseas — 1,600 in professional practice and 8,500 in industry and commerce. And I'd expect the international demand to grow in addition to the need for more senior people at home."

But this confidently expected expansion of demand for people at the higher levels of skill implies a reduced need for qualified staff at junior level, which itself creates a problem of balance tricky enough to tax the most ingenious accountant. For how, given that experience is indispensable to the acquisition of high professional ability, can an increasing need for senior staff be reconciled with a reduced requirement for junior people?

The obvious answer lies in an extension of the minimum period of training required before a student member can become qualified. The Chartered Institute in England and Wales is already tentatively discussing an increase from three to four years in the minimum training period for graduates whose degree-subject is not directly relevant to acountancy. And as the pattern of demand for qualified staff changes over the next few years, one might reasonably expect proposals for extension of the training period required of other types of entrants and by other professional bodies.

This, however, raises an even more difficult problem of balance because any extensions of minimum training would probably have to coincide with a sharp reduction of the number of graduates and Advanced-level school-leavers coming from education, in train of the declining birth-rate. Any accountancy institute which unilaterally lengthened its training period would surely suffer a disadvantage when competing with the other bodies for a smaller supply of potential recruits. But even if all six institutes extended their training periods equally in concert, acountancy would be at a competitive disadvantage in the recruitment market to other professions.

Michael Dixon

Smaller firms are not submerged

WHILE THE growth of big international firms and the struggle of their medium-sized counterparts to keep up have been the dominant themes in recent years, the rule of smaller practitioners in accountancy should not be overlooked.

There are at least 12,000 of them dotted around the country—at least that is the number of practices with five or fewer partners according to official estimates. It is, however, unsatisfactory to define smaller practitioners in terms of size alone. Some London firms, for instance, might have only a handful of partners and yet be experts in some specialist field.

Smaller practitioners are best described as those people who deal primarily with the needs of a locality—family businesses, farmers, pubs and shopkeepers—whose work consists mainly of accounts preparation, personal taxation and general financial advice rather than large company audits.

In an age of corporate mergers nad centralised administration, small enterprises of all descriptions have been finding the going increasingly tough.

The accountancy profession, however, is an exception to this broad generalisation and it is arguable that the most successful practices are either very big or very small. The outlook for the minnows, in spite of their problems, is surprisingly healthy.

Profits, for instance, are good —thanks to high margins—and demand for their services is strong, while at national level small firms are getting much more recognition than in the past.

Earnest

The change in attitude started in earnest about four years ago: before then the difficulties of smaller practitioners had been largely ignored. In 1975 the Institute of Chartered Accountants finally responded to criticism that it had neglected the needs of the less mighty. A working party was set up to look into the allegations.

Evidence from the inquiry suggested, among other things, that smaller firms were finding it difficult to train staff and that technical education and publicity were primarily geared to the international firms.

The outcome of the subsequent debate was the establishment of the Smaller Practitioners Advisory Committee (SPAC), consisting of representatives from each of the 21 district societies plus nine small firm members of the ICA general council.

Nobody pretends that small has suddenly become beautiful but at least this Committee attempts to ensure that the needs and views of smaller practitioners are kept in mind.

The popular idea that smaller firms labour under an unremitting deluge of difficulties is nevertheless refuted by Mr. Peter Dallow, chairman of the SPAC. "Those who think we are surrounded by a ring of problems are perpetuating a myth." he says. "Admittedly, the introduction of VAT brought with it a whole new range of problems but more recently we have had a bit of a respite. Two Companies Bills failed to reach the Statute Book and Mr. Healey's last Budget was pretty quiet. All in all there has not been much significant new legislation in the last couple of years."

This situation may well of course change with the government—changes in capital taxation, for example (Capital Gains Tax and Capital Transfer Tax) will be needed if Mrs. Thatcher's administration is to honour its election pledge.

The reasons for these booming market conditions are difficult to pinpoint. According to Mr. Dallow, the family business, the village greengrocer and the local farmer value the independence and intimacy of the smaller practitioner. Better the local man, they say, than the regional office of a big London firm which might not be particularly sympathetic to their "trivial" problems.

On the other hand, one central London firm, with four partners, attributes its recent record of doubled profits in the last two years to new tax work and a greater demand for book-keeping services. Others draw attention to the ever-widening variety of services which clients require. "It seems that we are doing more and more general financial work as well as pure accounting and tax," says one.

Whatever the reasons, which clearly vary from firm to firm, there appears to be plenty of work for everybody. Even if in many cases profits merely keep pace with inflation, this achievement is the envy of some.

Not everything, of course, is as rosy as it looks. Apart from the extra understanding which will be required if changes are made to the structure of capital taxation, small firms are finding it increasingly difficult to attract quality staff.

This tends to apply at both the top and bottom ends of a practice. In the old days recruitment was mainly based round school-leavers with a couple of CSE passes, but today something like two-thirds of the student intake to the accountancy profession are graduates. Graduates command a higher price tag—they are generally older and academically better qualified—and for this reason there is growing reluctance on the part of smaller firms to allocate money to training.

This trend has serious implications for the future. Peter Dallow, for instance, wonders where the next generation of partners will come from and believes there may be a "succession problem" in the next few years. "There is a strong reluctance on behalf of many people to move from large firms to small. In any case, if they do, they will probably need to be retrained, since trainees in big firms spend most of their time on audit work," he says.

Smaller practitioners also point to the dilemmas they face in the areas such as ethics and accounting and auditing standards.

One London firm describes the Institute's recent ethical guide as no more than a "minor pin-prick" but its senior partner clearly feels that some of the requirements are unnecessarily irritating. For example, accountants are now not allowed to hold shares in companies they audit, a rule which seems perfectly appropriate in the case of a large publicly quoted concern but which is hardly relevant in a small private company.

Accounting standards are perhaps of greater significance. The debate over current cost accounting has been of particular interest to smaller practitioners who are very concerned that many of their clients will be forced to produce separate inflation accounts. The SPAC has been pressing the Institute to exempt smaller businesses from some of the provisions of ED 24.

Peter Dallow does, however, detect the appearance, in the form of competition from the clearing banks, of at least some threatening storm clouds on the horizon. Smaller practitioners in a number of areas have reported a number of cases where branch banks are offering clients an accountancy service.

For the moment, however, smaller practitioners should see continued demand for their services and further prosperity as a result.

Tim Dickson

Battle of the white collar unions

BY ALAN PIKE

THE BRITISH Electricity Council made no attempt to disguise the amount of disruption the industry's 27,000 power engineers could cause when talks on their pay claim broke down.

"They can choose the level of hardship which might have to be endured by industry and the public," the council said. When two winters ago, manual workers in key power stations took industrial action the effect was mitigated by the fact that the engineers, who operate the grid and distribution system, kept working normally. The same cannot happen in reverse.

Technological developments are in many areas pushing the power of really effective industrial action upwards through the structure and into the hands of highly skilled professional and technical staff. Until recently that power was unlikely actually to be applied in many areas of industry. Today professional employees are coming under increasing pressure to join unions and the prospect of their fighting for their interests in a much more organised and determined way than in the past is a growing feature of industrial life.

The executive of the Electrical Power Engineers' Association—part of the Engineers' and Managers' Association—will meet today to determine the level of hardship it is prepared to inflict in support of a claim for increases of between 32 and 40 per cent. An all-out strike is improbable and could not, in any case, be launched without a ballot of the membership. But planned and co-ordinated action well short of a strike would demonstrate that this is one area where the professional middle classes have both real power and trade union organisation to apply it.

The last instance of industrial action by the power engineers, during Phase Three of the Heath Government's pay policy, was overshadowed by a looming confrontation with the miners. It did, however, show that the power engineers are prepared to engage in industrial action—something that leaders of professional groups cannot always take for granted—and that they can do so very effectively. Generating board officials admit that, simply by sanctions such as banning overtime and refusing to work flexibility agreements, the engineers could quickly have a devastating effect.

The leaders of the power engineers have rejected an offer which the Electricity Council says is worth 16-18 per cent but, according to the union, will for most men be worth only 13 per cent this year and 15.75 per cent in a full year. The union accuses the electricity boards of going back on an agreement dating from 1974 to protect pay differentials with manual workers in the industry. These have been eroded during recent years of pay controls.

Crucial time

The threatened power engineers' dispute comes at a crucial time for the Engineers and Managers Association—at the moment probably the most controversial union in the TUC. Mr. John Lyons, its general secretary, is fighting against some of the most powerful resistance in British industry to broaden the base of his union's origins in electricity supply enabling it to represent professional engineers and managers through the engineering and related industries. Some other unions do not look favourably on this ambition.

There is no suggestion that the power engineers' dispute is connected with the EMA's other activities—the timing was determined by the end of pay policy. But the argument about pay differentials for professional employees is fundamental to EMA thinking and to its case justifying the existence of a separate union catering for such staff. A good, convincing win in power supply—where the EMA has industrial strength—could do its wider credibility nothing but good.

The outcome of the dispute between the EMA and other TUC unions will do much to determine the way in which middle class trade unionism develops for many years to come. Stated simply, the EMA believes that the special needs, interests and responsibilities of professional employees must be catered for by their own separate, non-political union. The other view—voiced most forcefully by TASS, the white collar section of the Amalgamated Union of Engineering Workers—is that the requirements of such staff are best met by it and other established unions, albeit through special sections and arrangements.

A majority of public sector professional engineers are trade union members. Many belong to TUC-affiliated organisations like the National and Local Government Officers Association, the Institution of Professional Civil Servants, and the National Association of Teachers in Further and Higher Education. Nearly four out of five professional engineers in the public sector have their salaries determined by collective bargaining.

Union organisation is far weaker in the private sector but there is—certainly outside the Engineering Employers Federation—a widespread view that union membership is desirable for professional engineers. This was affirmed last month by the Council of Engineering Institutions—a professional body—in the second edition of its publication Professional Engineers and Trade Unions.

With only about one in five of private sector engineers currently in unions there are rich pickings, both in members and prestige, waiting for some unions if the council's campaign to pursuade engineers to get themselves organised is successful. At present the EMA benefits from being the only TUC-affiliated union which meets all the council's criteria for suitability in the private sector. The others are the non-affiliated United Kingdom Association of Professional Engineers (UKAPE), and the Association of Management and Professional Staffs (formerly the Association of Professional Scientists and Technologists).

Terry Kirk

Mr. Ken Gill, of the Engineering Workers (left), and Mr. John Lyons, of the Power Engineers.

The council is concerned that unions should recognise the "integrity, independence and responsibility towards his job shown at all times by a conscientious professional man and his concern for the long-term welfare of his company and for the public interest." This does not mean that the council is suggesting that professional people should never take industrial action—but it believes that it should happen only after all attempts at mediation have failed and should be supported by a substantial majority of those involved in a secret ballot.

The battle to recruit private-sector engineers is at times conducted with considerable vigour. Last month Mr. Lyons attacked the TASS leadership in the sort of terms which, by unwritten law, are simply not used by one TUC union against another, accusing it of "jack-boot trade unionism." He did his best to open up what he clearly sees as a credibility gap between the TASS leadership under Mr. Ken Gill, general secretary and a leading member of the Communist Party, and the typical professional engineer.

British engineers and managers, Mr. Lyons declared, would not be forced into a Communist-led union. The Engineering Employers Federation got the sharp edge of Mr. Lyons's tongue in the same speech with an allegation that it was keeping TASS as the main union for senior staff in the utterly cynical hope that none would join.

The EMA has scored some notable successes in its drive to establish itself as the natural union for engineers and managers, particularly given the strength of the opposition which it is facing. Probably its most important breakthrough came earlier this year when, rejecting the resistance of the TUC general council and the Confederation of Shipbuilding and Engineering Unions, British Shipbuilders granted national recognition to Shipbuilding and Allied Industries Management Association of the EMA.

Heartened by this, the EMA is now moving into aerospace. An amalgamation with one of the industry's non-TUC staff associations, BACSTAFF, is under way and a second is in prospect. However, this step forward has been accompanied by another step back. No sooner had the EMA agreed merger terms with BACSTAFF than the British Aerospace Warton division management granted full negotiating rights to its arch-rival, TASS, in terms which preclude recognition of any non-Confederation body.

The EMA would like to consolidate its position by getting into the Confederation, the powerful umbrella organisation which co-ordinates all engineering industry unions. Mr. Lyons has said that it will apply for membership when the time seems right. TASS, of course, will oppose. The outcome will turn on the attitude of the AUEW's engineering section, whose leaders are not on the closest terms with TASS because of the 10-year-long wrangle over the engineering union's internal amalgamation problems.

Lost merger

The EMA looks like losing the chance of a merger with UKAPE, something which has for long looked a natural marriage. Its leaders are talking instead to the Electrical and Plumbing Trades Union's white collar section and draft amalgamation terms could be published any time now.

The EMA has to face the fact that — whether Mr. Lyons's assessment of the motives of the engineering employers is correct or not—employers remain reluctant to extend recognition to other than established unions. And it has in TASS a powerful and efficient foe which is as passionate as the EMA about recruiting professional engineers.

TASS, which dismisses the EMA as a "small union from the electrical supply industry," argues that the arrival of inexperienced organisations would result in "industrial chaos, fragmentation of collective bargaining rights and constant inter-union problems." It has published agreements which, it says, demonstrate that TASS can protect the special interests of professional employees.

The report of the Council of Engineering Institutions admitted that both TASS and the Association of Scientific, Technical and Managerial Staffs are "anxious to be able to accommodate professional people on terms that would be fully acceptable to their chartered bodies." Although it is not yet prepared to endorse TASS and ASTMS, talks are continuing and the council has shown, with its efforts to encourage engineers to join unions, that it is capable of radical thought.

The debate about how professional people should be organised has not been won by either of the two union sides yet. If TASS did gain the endorsement of the engineering profession it is a step which would increase the EMA's need to enter the Confederation in order to keep the fight on equal terms.

EMAP thus finds itself in a two-front war. It will have to proceed with the greatest of care to prove to potential members that it is not a paper tiger—without upsetting those with qualms about taking industrial action that hits the public.

Letters to the Editor

The City and the Budget

From Mr. D. S. Ridout

Sir,—I was very interested to see the letter from Mr. John Baker White, because the sentiments expressed therein mirror very closely what I have been preaching around the City since the Budget. However, I am not really sure he is right in suggesting that meaning is a new disease, because it does seem to me to have been around for some years. Inevitably the means and conditions are directed at somebody else [illegible] have been levelled particularly at the politicians.

However, we now have a Government and the new Chancellor of the Exchequer has, in his first budget, fulfilled his Party's Election pledges on taxation in a bold and imaginative way. Having done so he and the new Prime Minister and indeed the entire new Government surely are entitled to expect a positive response from the country as a whole and private enterprise in particular.

As far as the City is concerned I am not sure that the fall in share prices since the Budget is an accurate yardstick by which to judge the reaction. [illegible] the City, the people who use its services come from all over the world and not just from the City. Also my own observations and I think the Official Stock Exchange volume figures confirm this, suggest that the volume of selling since the Budget has been comparatively small and more centred on private clients rather than the institutions although the latter have been notably absent as buyers.

Having said this, I would not disagree with Mr. White's comments on the City as a whole and it does seem to me that in recent years it has lost a great deal of the courage and determination which has characterised its history. Whatever else it may lack, the City has never been short of words both written and spoken and in recent years thousands of words have been devoted to the problems of high levels of personal taxation, and yet now that we have seen a dramatic change the other way everyone seems to have lost their voice and their pens have run out of ink.

Therefore, I fully endorse what Mr. White has said in his letter, but it is by no means too late, so let us hear from the Captains of Industry and the leaders of the City with some positive verbal response to the Budget.

Having said all this, if the measures taken are to succeed it requires more than words and also the bad habits of recent years will not easily be changed. Nevertheless, the Budget has now given us the taxation environment where hard work, energy and enterprise can be adequately rewarded.

D. S. Ridout,
Spencer Thornton and Co.
Sparthorn House,
22 Cousin Lane, EC4.

Publishing bank charges

From Mr. G. W. B. Hext

Sir,—Mr. Mackay's complaint in your issue of June 27 that banks do not publish all their charges is one that should be widely pressed.

Recently one of the big four banks as the Authorised Depositary received on my behalf a certificate for 17 shares of a rights issue made by a Canadian company. The value of the shares was C$84.10, and is about £35.78. My account was charged £5.80 plus VAT 70p.

I have now approached two of the leading Canadian banks which have offices in London, England, with a view to transferring my business to them. In each case I was given a printed list of their charges covering such services as Receipt or Delivery of Securities, Registration of Securities in nominee names, Change of Registration of Securities, Collection of Coupons, New Coupon Sheets, Collection of Drawn or Redeemed Securities, Safe Keeping, and so on.

In Canadian banks in this country give customers such information as a matter of course. There can be no valid reason why the big four banks should not do likewise. The fact that Exchange Control Regulations put them in the privileged position of being Authorised Depositaries is a cogent reason why they ought to do so.

G. W. B. Hext.
Old Orchard, Blagdon Hill,
Taunton, Somerset.

Handling of cheques

From Mr. Charles Simeons

Sir,—Recent experience of a surprising defect in the handling of cheques may be of interest.

I wrote a cheque for a four figure sum in favour of a well-known insurance company who then paid it into their bank, but with the decimal point moved to the tens position.

This apparently passed unnoticed into their bank which accepted it, finding its way ultimately into my account. In due course I was approached for the balance.

According to my bank the computer deals with the cheques which they never see. When commenting on the event to one of the counter clerks, I was told we only go by the figures. Clearly no one along the line bothered to read the words on the cheque in which case it would be interesting to know how often this happens and what the prospects are for major deception, as in the case of a recent building society.

Charles Simeons.
21, Ludlow Avenue,
Luton, Beds.

Definition of VAT

From Mr. K. A. Bishop.

Sir, — Mr. J. B. S. Birch in his letter (June 29) has been somewhat selective in his complaint about the effects of VAT. While endorsing his comments regarding the disastrous effects on the arts, I suggest that the "grass roots" effect is a far more serious consideration for the majority. At a stroke, prices on practically every commodity increased by 7 per cent. One only as to go to into each department in our large stores to see the increases, rapidly written by hand, overnight, on the goods displayed.

Many people welcomed the transfer of tax from personal incomes to a "purchasers'" tax. The concept of "freedom of choice" was attractive. But is there fredeom of choice in real terms? Since it is the policy of the Government further to reduce personal taxation, it would be interesting to learn how this is to be achieved. If by further increases in VAT, then the time certainly is ripe for a re-examination of the scope of this tax.

K. A. Bishop.
24, Petergate, SW11.

Post Office services

From Sir Jan Lewando

Sir,—Your thoughful leader on June 28, while helpful, needed a few more constructive ideas, as follows:

1. There could be a connection between the introduction of first and second class mail, and the deterioration in the standard of the postal service. There could be a good case for simplification by reverting to one class only, which must be easier to administer, and should improve productivity.
2. The Post Office is too big. There seems to be an overwhelming case for separating postal services entirely from telecommunications.
3. The top management seems to need an urgent overhaul, both in the Corporation and in the Unions concerned, in order that employees at all levels can be better inspired and motivated.
4. A top level inquiry should be initiated under an impartial chairman, to examine whether significant sections of Post Office activities should be turned over to free enterprise.

J. A. Lewando.
Davidge House,
Knotty Green,
Nr. Beaconsfield,
Bucks.

Changes in motor insurance

From Mr. A. P. Benson

Sir,—In your issue of June 25 your Insurance Correspondent raised the matter of the current adequacy of the £15,000 deposit which the Road Traffic Act, 1972, permits as an alternative to the taking out of personal injury liability insurance.

This amount, unaltered since 1930, may indeed be too little and it is typical of the many unindexed and historically outdated fixed sums which still lie unaltered in many statutory provisions.

However, your correspondent goes on to say that an increasing number of vehicle operators seem to be seeking ways and means of avoiding paying their requisite share of the cost of motor insurance, and he cites the use of the deposit as an obvious mechanism for this purpose. What he does not say, and what may not be so widely known, is that most corporate motor insurers—that is, members of the Accident Offices Association—plus some Lloyd's syndicates, intend from January 1, 1980, so to amend their knock-for-knock agreements as to penalise all motor fleet operators who elect to insure either on a third party basis or on a comprehensive basis with an excess for the accidental damage section of their cover of £100 or more.

The existing knock-for-knock agreements have meant that insurers who subscribe to them have collectively agreed on a negative course of action vis-a-vis their policyholders. They have chosen not to pursue recoveries against each other, saying that both the uncertainties and the expense of litigation are thus avoided, and that the cost of motor insurance is consequently held down. Under their new partial indemnity proposals it is their intention to take a positive and adverse course of action with their fleet operator policyholders, by which they will automatically contribute 50 per cent to the accidental damage costs of the other party involved in an accident, regardless of where liability truly rests. In other words, a fleet operator insuring as described above, will now broadly be required to bear via his insurer 50 per cent of the damage costs of any other vehicle with which one of his own is in collision, quite regardless of whether or not there was fault on the part of his driver.

This proposed action by insurers must be questionable on a number of grounds. First, it results in the giving away of the policyholders' premium (with consequent worsening of his apparent claims experience and thus potentially increased future insurance costs to him) regardless of liability. This may well have an adverse effect on road safety overall if the well-managed and safety-conscious fleet operator is penalised in this way.

Second, it is our understanding that it is estimated that this action will result in an annual increase of 30-50 per cent in premiums for fleets insured on the basis described above. We have not been told that, given this not insubstantial addition to the overall national motor premium income, there will be any reduction in insurance costs for non-fleet operator motorists insured either on a comprehensive or a third party basis.

Third, it is our belief that there is a general unwillingness in the motor insurance market to provide cover limited to third party injury only, the minimum insurance requirement of the Road Traffic Act, 1972. It is perfectly possible that a number of responsible fleet operators would elect to insure on this basis if competitive opportunity to do so was provided for them by motor insurers, as they would thus avoid the punitive effects of the partial indemnity amendments described above.

In these circumstances it is scarcely surprising that a number of major industrial and commercial concerns, seeking in the public interest to minimise overheads and thus to contain both costs and prices, may well now look carefully at the deposit alternatives described by your correspondent in his article. They will not be seeking "to avoid paying their requisite share of the cost of motor insurance"—they will be seeking perfectly properly to minimise their overheads and to maintain price competitiveness when faced with what may well appear to be an unjustifiable and unreasonable new practice on the part of a majority of United Kingdom motor insurers.

A. P. Benson,
Deputy Chairman,
The Association of Insurance and Risk Managers in Industry and Commerce.
25, Millbank, SW1.

Today's Events

GENERAL

UK: British Steel Corporation publishes annual report.

Cabinet meeting.

Mr. Michael Foot, Labour Party deputy leader, addresses National Union of Railwaymen's conference, Paignton, Devon.

National Union of Mineworkers' conference continues, St. Helier, Jersey.

Canadian Red Indian Chiefs lobby on their constitutional rights, House of Commons.

Sir Kenneth Cork, Lord Mayor of London, lunches with chairmen and committee of Automobile Association, Fanum House; dines with the Archbishops of Canterbury and York, Mansion House.

National Union of Blastfurnacemen's conference opens, Torquay.

Engineering Industries Association exhibition opens, Brighton (until July 4).

Overseas: Lord Harlech, Mrs. Thatcher's special envoy, arrives in Salisbury, Zimbabwe-Rhodesia, for talks with Bishop Muzorewa.

U.S. Senate majority leader, Senator Robert Byrd, in Moscow to discuss SALT II (until July 6).

PARLIAMENTARY BUSINESS

House of Commons: Finance Bill, committee stage.

House of Lords: Ipswich Port Authority Bill, third reading. Criminal Injuries Compensation Bill second reading. Law Reform (Miscellaneous Provisions) (Scotland) Bill. Public Records Amendment Bill, second reading. Debate on medical education provision in London.

OFFICIAL STATISTICS

UK official reserves (June). Capital issues and redemptions (during the month of June).

COMPANY RESULTS

Final dividends: Geo. Bassett. Edinburgh and General Investments. Henderson - Kenton. Imperial Continental Gas. London and Midland Industries. A. Monk and Company. Rexmore. Interim dividends: Lincroft Kilgour, SGB Group. Sotheby Park Bernet. Winterbottom Trust.

COMPANY MEETINGS

Belgrave (Blackheath), Plough and Harrow Hotel, Hagley Road, Birmingham, 12. Lamont, North British Hotel, Princes Street, Edinburgh, 12. Marks and Spencer, Intercontinental Hotel, Hamilton Place, W, 12. More O'Ferrall, Brown's Hotel, Albemarle Street, W, 12.

£4.5m rise by Mercury Secs.

BOOSTED BY a sharp jump from £0.32m to £2.27m in earnings from metal trading and refining, attributable profits of Mercury Securities advanced from £10.32m to £14.86m for the year ended March 31, 1979.

The result was after tax, minorities and transfer by the main subsidiary, S. G. Warburg and Co., to inner reserves. Profits included a £4.16m (£2.25m) credit for provision for deferred tax no longer required by subsidiaries, and £4.1m from associates.

Earnings per 25p share are shown as 25.13p (18.96p) before the credit, and as 34.91p (24.25p) after. The dividend is lifted from 3.7848p to 6p net.

The credit refers to stock relief (or similar overseas tax relief) of the group's metal trading subsidiary, Brandeis, Goldschmidt and Co. whose directors say that, in addition to the £3m released last year, a further £5.55m can be released to reserves having regard to the minimum stock levels, which they envisage on a continuing basis.

At the interim stage, the directors said that profits for the first six months were higher than those for the same period of the previous year.

S. G. Warburg profits expanded to £13.09m (£9.86m). While metal trading and refining profits showed a sharp increase, its earnings from merchant banking, after transfer to inner reserves, rose from £8.63m to £9.62m, and those from insurance and shipping were up from £0.91m to £1.2m.

Mercury Securities profits of £1.06m (£0.91m) were made up of employee benefit consultancy, £0.59m (£0.53m), with the balance from other activities.

After minorities, £3.45m (£2.71m), the deferred tax credit, and dividends, which absorb £2.56m (£1.61m), retained surplus emerged ahead from £8.71m to £12.3m.

In addition to the retained balance, disclosed reserves have increased by £1.25m principally due to an adjustment in respect of a change in the basis of valuation of metal stocks in the U.S. subsidiaries of Brandeis, Goldschmidt.

See Lex

CGSB falls and cuts payment

TAXABLE PROFITS of CGSB Holdings, the motor engineer and distributor, tumbled more than £100,000, and the group is cutting the dividend.

On turnover ahead from £7.9m to £8.35m the surplus fell from £149,800 to £32,400 for the half year ended March 31, 1979. For the previous year pre-tax profits were virtually static at £323,934 (£325,047).

The net interim dividend per 10p share is being cut from 0.44p to 0.2p. The total last year was 1.5912p.

After tax of £16,800 (£80,500) stated earnings per share are shown to be down from 1.67p to 0.34p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Beit Bros. ....int.	1	Aug. 20	0.77	—	1.9
Chemring ......2nd int.	0.8	July 20	—	—	1.44
Courts (Furnishers) ...	1.99‡	Oct. 15	1.99	3.7	3.55
Heywood Williams	2.45	Aug. 3	0.67	3.46	2.35
Mercury Secs.	6	—	3.78	6	3.78
Sutcliffe Spearman ...	Nil	—	1.07	1.32	2.38

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Additional 1p now payable.

Courts (Furnishers) up £1m at record £5.89m

INCLUDING PROPERTY disposal profits of £395,000 against £40,000, taxable surplus of Courts (Furnishers) finished the March 31, 1979, year ahead by £1m at a record £5.89m. Turnover, including VAT, rose from £47.1m to £49.1m.

The directors state that overseas turnover, in the current year, has been at a higher level than the corresponding period last year. In the UK the VAT change led to exceptionally increased business, they add, although sales, even prior to the Budget, had shown an increase on the comparative period.

At the interim stage profits had risen from £1.9m to £2.77m.

After the year's tax charge of £2.68m, compared with £2.28m earnings are shown as 21.2p per 25p share against a previous 16.16p.

The dividend is stepped up to 3.70233p (3.54668p) net with a final payment of 1.99018p, and a one-for-two scrip issue is proposed.

Also announced is an additional dividend for the year of 1p. It is intended to maintain the dividend per share on the increased capital.

	1978-79 £000	1977-78 £000
Turnover (inc VAT) .	49,087	47,102
Prop. disposals	395	40
Profit before tax	5,894	4,893
Taxation	2,684	2,284
Net profit	3,210	2,609
Exchange losses . .	80	96
Minority interests . .	192	250
Available	2,938	2,263
Dividends	696	516
Retained	2,242	1,747

UK results were adversely affected in the last quarter by the bad weather conditions, the directors state.

They add that overseas earnings were reduced as a result of the strength of sterling. But for the movements in exchange parities, turnover and profits for the year would have been £51.93m and £6.51m respectively.

New stores were added in the UK during the year, and extensions to existing stores and relocations took place. Since the end of the year a new store has been added; further conservative expansion is anticipated in the UK and overseas, the directors state.

● **comment**

Courts has surged off the £4.9m profit plateau on which it has languished for the past two years. The latest figure does include a bigger than usual contribution from property sales but the transfer from the deferred H.P. Account (which inflated the first half figures by £360,000) was almost matched in the second half by a transfer to the account. Stripping out both influences suggests an underlying trading profit improvement of around 13 per cent. Courts, like most retailers, was hit by the poor January sales and the sluggish recovery in February and March. Also the strengthening pound has not helped the conversion of overseas profits into sterling on consolidation. The dividend is up by around a third and a further increase will come next year from the proposed scrip issue. The shares, at 142p, have a fully taxed p/e of 7.5 and a yield of 4.8 per cent.

HIGHLIGHTS

Lex looks at the full-year figures from Mercury Securities. Profits-growth appears impressive and news of the hefty dividend rise helped boost the shares by 11p to 172p. Beecham's annual report comes in for comment and Lex also highlights activity in the gilt-edged market where the long tap was exhausted and gains of almost three points were noted in parts. Elsewhere, Heywood Williams has achieved its forecast despite the winter's problems, and Courts has produced reasonable growth after stripping out property disposals and adjusting for the distortion of deferred profit transfers.

Beecham emerging as major U.S. force

Beecham Group is now well on the way to becoming a major force in pharmaceutical and consumer products markets in the U.S. "The importance of this can scarcely be exaggerated," says Mr. G. J. Wilkins, the chairman.

Out of £923m (£838m) sales and £146.4m (£142.5m) trading profit in 1978-79, North and South America accounted for £165m (£163m) and £18.9m (£21.7m) respectively. Capital spending in the region was £9.6m, against £9m, out of a total of £48.3m (£41.5m).

In the current year spending in the U.S. will include significant advertising and promotional cost of launching Aqua-fresh toothpaste nationally.

The group's results for the year to March 31, 1979, when taxable profit was up from a restated £139.4m to £144m, illustrates the wisdom of giving as much attention and emphasis to expansion of consumer products business as to the growth of pharmaceuticals, says Mr. Wilkins.

Although it made good progress in most parts of the world, Beecham Pharmaceuticals encountered problems outside its control in some markets which largely neutralised its achievements in others. In consequence trading surplus on pharmaceuticals was only modestly high and, after exchange rate movements showed a decline from £86.9m to £84.3m. This fall was more than offset by the advance by Beecham products.

With consumer product sales up at £599m (£528m) trading profit reached £54.9m (£47.3m).

Analyses on a geographical basis sales and trading profit shows: UK £308.9m (£259.8m) and £31.7m (£26m); Western Europe £280.4m (£264.6m) and £49.5m (£50m); North and South America £165.1m (£163.1m) and £18.9m (£21.7m); and other areas £168.7m (£150.9m) and £39.1m (£36.5m). Plus £7.2m (£8.3m) royalty income

Last August, as known, the group bought Scott and Bowne, an unlisted UK consumer products company, for £14m cash from its own resources.

The rights issue in November raised £79.8m which helped raise net liquid funds by £51.1m to £135.1m at year end.

Loans were reduced by a net amount of £26.9m to £132.3m, mainly due to reclassification of £19.6m as short-term borrowings which were ahead from £7.8m to £26m.

Beecham Inc. arranged a private note placement of U.S.$65m in the U.S. which was guaranteed by the group. $19.5m of the placement was received in December 1978 and the balance will be received in August 1979. The proceeds from this placement will be used to refinance borrowings incurred in connection with the acquisitions of S. E. Massengill Company and the Calgon consumer products business in previous years.

Capital spending commitments amounted to £18.5m (£21.6m) at March 31 and a further £48m (£58.2m) had been authorised but not contracted.

The net dividend is stepped up to 21.1375p (18.63p) as reported May 25, and a three-for-one scrip issue is proposed.

During the year in the UK, site work began for the major plant which is to be built at the Irvine pharmaceuticals factory and some progress was made in rationalising and modernising the company's Worthing pharmaceuticals factory. At the same time a number of important projects continued in the food and drink division and some were completed.

Beecham Group and Beecham Inc. agreed in 1978-79 to three settlements at cost aggregating some $5m, covering substantially all pending civil suits alleging violation of American anti-trust laws in connection with the group's semi-synthetic penicillin business in the U.S. All claims have been dismissed by the court and appeals, if any, are not expected to be successful.

Full provision for the settlements was made in the accounts prior to March 31, 1978. Though the companies have consistently denied any anti-trust violations, the settlements were considered more in the group's interest than prolonged litigation.

See Lex

ISSUE NEWS

Grand Metropolitan 90% taken up

Shareholders in Grand Metropolitan have taken up nearly 90 per cent of the £80.5m cash call made last month.

S. G. Warburg and Co., the underwriters, announced late last night that acceptances were received in respect of 57.27m new ordinary shares of 50p each, representing 89.5 per cent of the new shares offered on the basis of one-for-seven at 126p each.

The rights issue is the largest so far this year. Grand Metropolitan's last rights issue was in October, 1975, when shareholders were asked to put up £27m.

The new ordinary shares not taken up have been sold at a premium. The net proceeds (estimated to be 10.7p per share after deduction of the issue price and expense of sale) will be remitted to the persons to whom the new ordinary shares were provisionally allotted, save that where such net proceeds in respect of any one holding amount to less than £1 they will be retained for the benefit of the company.

FAIRLINE

Shares of Fairline Boats, the Northampton-based manufacturer of motor cruisers, reached 102p when dealings started yesterday—a premium of 27.5 per cent on last week's placing price of 80p.

The price had earlier opened at 98p but, after peaking at 103p, it settled back to end the day at 98p, which values the company at around £3.4m.

A total of 35 per cent of the company's shares were placed. Jobbers said yesterday there was a good institutional following for the shares, for which there was "a fair amount of demand."

SCOTCROS

Scotcros announces that the rights issue of 1,749,138 new ordinary has been accepted in respect of 1,652,098 (94.45 per cent).

Heywood Williams meets forecast with 91% leap

WITH A 91 per cent leap in pre-tax profits from £541,000 to a record £1,032,000 for the year ended April 30, 1979, Heywood Williams Group is in line with the directors' forecast of around £1m made at the interim stage and later reaffirmed in April. The midway result was more than doubled from £181,000 to £372,000.

Mr. Douglas Oliphant, executive chairman, expresses confidence about the future despite the many problems of the current economic climate. He says it is too early to make any quantified profit forecast for this year, but early returns from the group's operating units are encouraging.

However, he is certain of another record profit in 1979-80, representing an increase in earnings per share coupled with an improved asset backing and a higher dividend.

For the year under review, adjusted for the subdivision from 50p shares into 25p shares, stated earnings jumped by 53 per cent from 8.5p to 13p and the net dividend total if lifted to 3.46p (2.345p), covered over three times, with a 2.45p final.

The chairman adds that the group is looking for a considerable increase in results this year. On the trading front, he says internal budgets have been set very substantially above last year's figures.

But for the bad winter weather and the impact of secondary picketing, as a result of the road haulage strike, the group's profits would have been even higher. In overall terms, estimates Mr. Oliphant, these two factors have cost around £200,000 in profits.

Last year's bid moves in the U.S. took the group into restaurants and hotel management, but for the time, acquisitions are now more likely to be in the UK.

The group, which has tax losses of some £3.1m on the home front to carry forward, is not only looking to add to its existing businesses but also prepared again to move into new areas.

Mr. Oliphant says the group will be looking for a business with minimum profits before tax of some £250,000. Meanwhile, capital spending this year is likely to come out close to £1m.

A geographical and divisional breakdown of turnover—up 24 per cent to £21.2m—and taxable profits shows, with £000's omitted:—UK — products for building industry in aluminium and glass, £14,897 (£14,436) and £923 (£602); U.S.—restaurants and hotel management, £4,337 (nil) and £186 (nil); South Africa — operating units sold April, 1979, £1,963 (£2,636) and £57 loss (£61 loss).

Major profit contributors in the UK were aluminium extrusion, patent glazing and glass merchanting. The Apollo window activity turned a loss last year into a "reasonable" profit for 1978-79 with good prospects for the future.

In the past year, the group has doubled its extrusion capacity, ordered a new anodising plant to come on stream in October, 1979, extended its glass warehouse floor space by 25 per cent, opened four new home improvement shops and launched a variety of new or improved product lines. It recently purchased a sealed glass unit manufacturer in Scotland.

Initial contribution from the U.S. in restaurants and hotel management has been satisfactory, and the chairman says the purchase of two additional businesses make the future look bright.

These two businesses comprise: Mr. Drumstick, a chain of ten family restaurants in small towns in South Illinois, and Budget Motels and Hotels of America Inc., which operates a booking and supply service for over 700 hotels.

The South African operation was sold, apart from tenanted properties and retained cash which will ensure a small profit from this source in the future. The group now has no employees in South Africa.

Tax for the year took £159,000 (£2,000) and there were extraordinary debits of £222,000 this time. Payments absorb £335,000 (£128,000) leaving the retained balance little changed at £418,000 against £411,000.

On the balance sheet, shareholders' funds were up by 42 per cent to £4.75m. Borrowings, including loans, other than capitalised value of lease commitments have fallen by £485,000 to 29 per cent.

Fixed assets were well up from £2.39m to £5.16m, but net current assets decreased from £2.69m to £1.47m.

At the year-end, directors, present and former employees held 24 per cent of the equity and British Aluminium and Prudential Assurance held 9.9 per cent and 5.8 per cent respectively.

● **comment**

Heywood Williams has achieved its forecast in spite of bad weather problems and lorry driver's strike during January/February, factors which probably trimmed back profits around £0.2m for the year. Major surgery by the company's new management over the past few years is paying off handsomely. Apart from the closure of the troubled architectural products division, HW has now sold off its South African investment, returned the Apollo window activity to the black and diversified into the U.S. with three potentially fertile acquisitions. One of them, a hotel management company, was effectively bought for nothing by HW assuming liabilities of $0.7m, in return for income-producing assets worth $5m, a deal made possible by U.S. tax laws. At home, the important aluminium extrusion business is coming through strongly on the back of higher demand and the extra capacity made possible by the new £0.7m Chester Press. The only headache on the horizon is the expected sharp increase in the price of aluminium billet and glass, which will undoubtedly affect demand. The shares rose 4p yesterday to 86p where the p/e is 6.6 and the yield 5.8 per cent—a rating which does not appear to have discounted the expected growth.

Wilkinson Match soundly based for longer-term growth

Although profits in the current half year are expected to be lower than last time, in the longer term Wilkinson Match has a sound business with good prospects for growth worldwide, and is well placed to take advantage of favourable changes in the world economic situation, says Mr. D. Randolph, the chairman, in his annual statement.

As reported June 22, despite a difficult year taxable profits rose 33 per cent from £14.3m to £19m for the 13 months ended March 31, 1979, on turnover of £272m (£192m). However, the chairman warns that the problems of last year's second half are persisting.

On a current cost basis, pre-tax profits emerged at £12.39m against £10.05m, after additional depreciation of £3.14m (£2.13m), cost of sales £6.48m (£3.79m), partly offset by a £3m (£1.67m) gearing adjustment.

Because of the seasonal nature of its business, consequent upon recent changes, the group is to alter its year-end from March 31 to September 30, and accordingly the next accounting period will be for the 18 months to September 30, 1980.

At March 31, 1979, group fixed assets were up from £60.89m to £78.23m and net current assets increased from £38.38m to £66.49m. Bank loans and overdrafts were higher at £17.56m (£13.49m).

There was a net inflow of funds of £1.81m compared with a £6.12m outflow a year earlier.

Meeting, The Institute of Directors, SW, July 26, 11.30 am.

Glanfield Lawrence

A turnround from a loss of £15,000 to a taxable profit of £40,000 in the half-year to April 1, 1979, is reported by Glanfield Lawrence, motor vehicle distributor and engineer.

Profits were struck after higher interest of £115,000, against £73,000. Turnover, excluding tax, rose from £4.25m to £5.21m.

The directors say the second half has started well and, if the changes introduced in the Budget do not have too severe an effect, they expect full-year results to show an improvement on the £71,000 surplus achieved last time.

The bad weather and transport strike caused supply problems in the early part of the year. Shortage of new vehicles from most manufacturers, particularly Vauxhall—the group's principal supplier—led to many lost sales opportunities, and group resources were not fully utilised.

Despite these problems, all divisions have traded in line with the profit forecast, and the directors believe the company is now well placed to take advantage of the hoped-for easement in supply and better trading conditions during the summer.

After tax for the half-year of £23,000 (£8,000 credit), there was a net profit of £17,000 compared with a loss of £7,000. Last year's dividend was maintained at 1.25p.

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Companies and Markets

UK COMPANY NEWS

Sutcliffe £0.41m deficit after Middle East costs

AS FORESEEN last December, the unsettled situation in the Middle East and difficulties in the brickmaking plant adversely affected second-half profits of Sutcliffe Speakman and Co.

After £700,000 costs against engineering contracts in the Middle East, the group finished the March 31, 1979, year with a taxable loss of £407,000 compared with a £566,000 profit last time.

The carbon division, however, continued its excellent progress.

Turnover fell from £9.39m to £7.43m and the directors are passing the final dividend—total for the year is 1.3164p (2.3848p) net per 25p share.

The directors say the £700,000 debit, which includes provision for the estimated expenditure required to overcome the difficulties, together with the cost incurred during the year, has been written off as abnormal costs.

At halfway the directors reported profits little changed at £201,000 against £212,000 but said that a fall in the brickmaking plant sales, coupled with contract problems in the Middle East, would adversely affect second-half results.

Pre-tax figure was after interest of £103,000 (£116,000) but was before a tax credit of £218,000 (£307,000 charge).

No earnings per share are given, compared with a previous 5.59p.

Chamberlin and Hill outlook satisfactory

Despite reasonable demand for foundry products at Chamberlin and Hill there has been a sharp fall in order intake from one specialised market sector at its Lichfield works. As a result activity there has been cut back and short time working introduced.

Says Mr. T. Martin, the chairman: "Every effort is being made to introduce new types of work to make good the shortfall, but the problems are likely to remain for several months of the new financial year, due to the length of time needed to effect the necessary changes.

"Nevertheless, the outlook is satisfactory and the prospects for improvement in the foundry activity are good," he adds.

On the non-foundry side, the group has considerably strengthened its activities in the electrical engineering field by the acquisition, in February, of Solenoids and Regulators. This new subsidiary is expected to make a substantial contribution to profits in the current year.

Profit for the year to March 31, 1979, was a record £743,259 (£618,887) on sales up from £7.56m to £8.55m—as reported May 22. During the year the net outflow of funds was £86,903 compared with a £128,500 inflow.

At year end cash stood at £1,304 (£1,327) and bank overdraft was down at £155,599 (£234,592). Capital commitments amounted to £485,245 (£109,700) of which £95,611 (£64,700) had been authorised but not contracted.

NCR profits rise mid-way

For the first six months of 1979 taxable profits of NCR, subsidiary of NCR Corporation of U.S., rose from £2.79m to £4.53m on turnover of £37.6m against ££3.08m.

The increases are mainly due to the improvement in incoming orders following the release of several new products.

Exports for the first half show a 45 per cent increase over the corresponding period last year, the directors state.

Three life assurance companies increase terminal bonus rates

Three leading life companies have announced improvements in their terminal bonus rates, payable on death or maturity claims as from July 1.

The Clerical, Medical and General Life Assurance Society has lifted its rate from £1.50 per cent to £1.75 per cent of the basic sum assured for each policy year, with a proportionate addition for an uncompleted year. Thus a policyholder aged 29 at outset paying £10 per month on a 25-year contract will now receive an extra £175 at maturity, making a total of £8,598.

The company has also doubled its retirement bonus rate on personal pension contracts to 1 per cent of the nominal fund and increased its open market option from 98 per cent to 100 per cent of the nominal fund.

The Norwich Union Insurance Group operates a complex terminal bonus system with rates depending on the year a policy was taken out. The new scale, based on each £1,000 of basic sum assured, ranges from £35 for a contract taken out in 1973 to £1,420 for one taken out in 1932 or earlier. The previous scale ranged from £30 to £1,250 respectively.

A policyholder now aged 54 who took out a 25-year endowment in 1954 for a premium of £10 per month would receive £8,716 at maturity on the new rates, against £8,521 on the old rates.

Both companies say this latest increase reflects the improved returns on the investments and the underlying firmness of the equity market. By adjusting the terminal bonus rates, this benefit is passed on to the policyholders whose contracts are about to mature. The Norwich Union last increased its rates at the beginning of the year, but the CMG preiviously lifted its rate in the middle of 1977.

The Scottish Widows' Fund and Life Assurance Society also operates a complex bonus system depending on the year the policy was effected. The new scale varies from £5 per cent for 1969 to £26 per cent for 1950 or earlier, the rates being applied to the basic sum assured and attaching bonuses.

The previous scale ranged from 3 per cent to 25½ per cent. However, the changes in rates for intervening years is not uniform. The largest increase occurs for year of entry 1955 where the new rate is 17 per cent compared with 14½ per cent.

Staveley borrowings rise but within gearing levels

There was an increase in the level of working capital at Staveley Industries in the year to March 31, 1979, Mr. Harry Moore, chairman, says in his annual statement. This was due to the continuing growth in turnover, and a deterioration in trading conditions and terms of payment in some of the group's business areas.

The latter trend is unlikely to be so pronounced in the current year, he adds.

As a result of these factors, borrowings rose substantially compared with the exceptionally low level last time. "They are, however, still well within levels of gearing which we consider to be comfortable," the chairman says.

The borrowings cover £2m of tax reserve certificates which have so far yielded about 2 per cent more than their cost. Even disregarding this and other investments, the chairman says, the group has ample resources available for internal growth and further acquisition; and for a continuation of the capital investment programme.

Overall, the group does not expect gearing during the current year to change very significantly.

As reported on June 15, pre-tax profits in the year to March 31, 1979, were £11.25m, compared with £15.02m for the previous 18 months, annualised to £10.01m.

The chairman expects a further increase in turnover and profits in the current year, mainly in the second half.

Of the foundry products and abrasives group, he expects a marked recovery from the set-back in the year just passed, when profits fell from an annualised £2.58m to £1.29m.

He is confident of significant growth in business and profitability at the electrical and mechanical services group, particularly during the second half.

The machine tools and engineering group is expected to produce satisfactory results, while the progress and growth of the Salter group is likely to continue.

Significant profit growth is anticipated from North American operations, through expansion in Electroscale's profits and the continuing improvement likely in the profitability of the Canadian operations.

Meeting, 12, Great George Street, SW, July 24 at noon.

	1979	1978
Profit disclosed, before investment gains and extraordinary items (including an exceptional credit of £1,035,000)	£7,116,000	£4,994,000
Earnings per 25p share before investment gains	33.64p	23.55p
Dividends paid and proposed Amount (net of tax credit)	£2,340,000	£2,063,000
Rate per 25p share	10.924p	9.60925p
Covered by total available profits	5.15 times	4.37 times
Shareholders' funds, excluding inner reserves of banking companies	£76,321,000	£64,948,000
Increase of market value over carrying value of investments in Hambro Life Assurance and Berkeley Hambro Property Company	£41,000,000	£20,000,000

A YEAR OF SUBSTANTIAL ALL-ROUND PROGRESS

Mr. Jocelyn Hambro, M.C., reports on the Hambros Bank Group

This has been a year of substantial all-round progress.

After reporting lower earnings for the first half-year, the second half showed an improvement which has brought the full year's results well above those of last year. The improvement was throughout the whole of our business but particularly in banking, in unit trust operations and in investment performance. Our share of associated companies' profits has also increased particularly from Hambro Life Assurance and Berkeley Hambro Property Company.

Attributable operating profit after tax was £7,116,000 against £4,994,000 last year. After investment gains and extraordinary items the total profit has risen to £11,884,000. Dividends are covered five times and are 10% above, both at interim and recommended final, those of last year.

Shareholders' funds have advanced from £65 million to £76 million. Also, at 31st March 1979, there was an additional excess of £41 million of market value over the balance sheet carrying values of our listed associated companies – again Hambro Life Assurance and Berkeley Hambro Property Company.

HAMBROS BANK

Last year we drew on inner reserves towards shipping loan provisions. This year, as existing provisions are already adequate, inner reserves have been increased. A gradual improvement has taken place in bulk shipping markets with improvements in charter rates and in market values, but these will have to be sustained before the shipping industry can be said to have recovered.

Acceptances reached a new peak of £274 million, while the figure for assets leased, on our own account and under management, rose to more than £200 million. Customer loans and advances fell slightly, chiefly because of the translation of dollar loans at the higher sterling rate. We were active in the management of new bond issues and in the syndication of euro-currency loans.

Managed investments, especially for pension funds, grew substantially. Our 21 authorised unit trusts at the year end had an aggregate market value in excess of £350 million.

Fee income from corporate finance activities was slightly down on the previous year, but at the year-end the level of activity was greater than at any time during the preceding twelve months.

Since the year end we have announced an offer for the share capital of Collett, Dickenson, Pearce International Limited, a leading U.K. advertising agency, through a subsidiary in which we will hold 75% and the Management of the agency, 25%. This offer has now become unconditional.

The Group's own investments produced the substantial gain of £3,293,000. Many of these investments are in smaller companies but we found new opportunities hard to come by, as competition intensified from other institutions who have entered the venture capital field.

OVERSEAS INTERESTS

Our Channel Islands' banks continued their well established growth. The progress of Hambro Pacific and Hambro Australia reinforced our faith in these companies and in the areas in which they operate.

Since the year end we have increased the capital invested in Hambro America Inc. where we are developing a profitable investment and advisory business.

HAMBRO LIFE ASSURANCE

The remarkable progress of Hambro Life continued throughout 1978. They have since reported that new business in the first quarter of 1979 is running substantially ahead of the corresponding period in 1978. Hambro Life's dividend was increased by 17.7% above that of last year as profit cover had increased by an equivalent amount above the best previous year.

Consolidated Financial Statement at 31st March 1979

	1979 £'000	1978 £'000
Share capital and reserves	76,321	64,948
Minority interest	2,781	1,552
Loan capital	41,639	47,882
	120,741	114,382
Current, deposit and other accounts	1,116,415	1,041,785
Acceptances for customers	274,667	257,960
Deferred taxation	11,044	8,092
Proposed dividends	1,436	1,251
	£1,524,303	£1,423,470
Balances with bankers and money at call	196,421	221,352
Term loans to banks, local authorities and certificates of deposit	457,685	356,263
Dealing securities	13,991	9,088
Trading stocks	25,549	15,258
Loans, advances and other accounts	504,984	504,122
Customers' liabilities for acceptances	274,667	257,960
Investments	45,692	54,389
Fixed assets	5,314	5,038
	£1,524,303	£1,423,470

THE OUTLOOK

The ever-increasing price of oil makes one hesitant about the prospects for the future growth of world trade. Our new Government, however, has sounded a clarion call to the nation by its budget proposals. We are confident that it will be answered by all sections of trade and industry which makes us hopeful of continuing improvement in our own business.

Copies of the Annual Report can be obtained from The Secretary, Hambros Limited, 41 Bishopsgate, London EC2P 2AA.

Hambros

MINING NEWS

Anoconda studies $1.5bn Chile copper mine

BY KENNETH MARSTON, MINING EDITOR

HEADING the latest news from the transatlantic mining companies is America's *Anaconda* copper giant which is now taking closer look at the huge Pelambres copper mine in northern Chile. The mine has ore reserves of an estimated 430m tonnes.

According to the Chilean Foreign Investment Commission, Anaconda will invest U.S.$1.5bn (£688m) in the exploitation of Pelambres if geological studies prove its feasibility. Spokesmen for Anaconda are reported as saying that the company will invest $12m in the preliminary stages.

Pelambres, which is situated 340 km north-east of Santiago, was purchased by Anaconda last month for $20m.

Until recently Anaconda has been developing the big Sar Chesmeh copper deposit in Iran on a contract basis. But, like many other ventures in that country, work has halted since the revolution and last month it reported that Iran had cancelled its contract with Anaconda.

From Canada, Northgate Exploration, which also has interests in Ireland and Australia, says that barring any unforeseen interruptions to production its net income this year should be "well in excess of" C$6m (£2.36m), the best since 1973. Last year there was a net profit of only C$458,008. Earnings for the first half of this year are estimated at C$3.64m.

Northgate's president, Mr. G. T. Smith—who has taken over the office from Mr. Pat Hughes upon the latter's appointment as chairman—said at the Toronto meeting that Northgate is broadening its *prospecting activities.* These now include uranium, strategic and precious metals together with oil and gas in addition to the traditional search for lead, zinc and copper.

This year's spending by the Northgate group on mineral exploration is expected to rise to C$4.3m. While in need of new earnings sources, Northgate is well supplied with funds, the cash position including working capital being over C$26m. Mr. Smith put the group's total assets at around C$64m, or C$9.30 per share.

* * *

Canadian partners, International Mogul Mines, Lacana Mining, Rayrock Resources and United Siscoe Mines, reckon to have their U.S.$10.5m Pinson gold venture in Nevada in production by late 1980 at a milling rate of 1,000 tons a day. Open-cut ore reserves are put at 1.4m tons averaging 0.18 oz gold per ton plus a further 3m tons grading 0.08 oz.

* * *

Reflecting the return to higher earnings, Canada's Sherritt Gordon Mines has raised its semi-annual dividend to 40 cents, payable July 23. A total of 50 cents was paid for 1978 and 15 cents for 1977.

* * *

Mining exploration expenditure in British Columbia is expected to hit a record C$61.8m this year, according to a survey conducted by the British Columbia and Yukon Chamber of Mines. Mining exploration spending in Yukon Territory is forecast at C$19.1m, an increase of 7.9 per cent on 1978.

Bett Bros. set to make second half recovery

PRE-TAX profits of Bett Brothers, building and public work contractor, fell from £1.07m to £868,149 for the half-year ended February 28 1979, on turnover down from £10.3m to £9.41m.

But the directors say that for the full year, turnover and profits should be in the region of £20m and £2.2m respectively—for the previous year, profits had declined from a record £2.86m to £2.04m, on turnover of £20.62m (£19.42m).

The net interim dividend is increased to 1p net per 20p share compared with 0.769p—last year's final payment was 1.1333p.

Net profits for the first half came out at £416,712 against £713,648 after tax, higher at £451,437 (£356,451).

Israel plans to extract uranium from phosphate

ISRAEL is planning to extract uraniums from the Dead Sea as fuel for nuclear power plants, according to chemical industry officials. If experiments prove successful and Israel starts to produce uaanium, the scheme could significantly reduce the country's dependence on foreign energy supplies.

The plan was disclosed when reporters were shown round a new chemicals production plant under construction near Sodom on the shores of the Dead Sea.

Mr. Elyahu Teomim, Director-General of Israel Chemicals (ICL), said company scientists, together with the Israel Atomic Energy Commission, were checking the possibility of obtaining uranium as a by-product of phosphoric acid production.

Up to 60 tons of uranium could be extracted from the annual output of acid by the new plant, which is due to start operating in 1981. This would be half the amount needed to fuel a nuclear station of the size Israel might want to build in the 1990s.

America's Freeport Minerals has a $36m uranium recovery plant at its Uncle Sam phosphoric acid operation in Louisiana. First shipments of uranium oxide were made early this year from the plant. Sulphur and phosphate rock are taken to the plant where the rock is converted to acid which is then cycled through uranium recovery facilities.

Israel has been denied world aid in nuclear research owing to its refusal to sign the nuclear non-proliferation treaty.

There have been Press reports in recent years about alleged Israeli operations to hijack ships laden with enriched uranium for Israel's two atomic research centres.

Nuclear officials in Europe suggested last year that a ship which disappeared in the Mediterranean carrying 500 tons of the material might have ended up in an Iseraeli port. Israel categorically denied the report.

The Israelis have long insisted they are not engaged in developing a nuclear arsenal, though experts believe the country has the expertise to produce atom bombs.

Atomic Energy Commission officials in Tel Aviv said that Israel was economically incapable of building an enriching plant that would turn yellow cake (uranium oxide) into atom bomb material. They said it would be necessary to ship the yellow cake abroad even to make it fit to fuel power plants.

Reuter

LEICHARDT TO *SEEK GEMS* IN NAMIBIA

Australia's Leichardt Exploration, an Adelaide-based affiliate of the Geometals-Conex group, plans to look for diamonds in South Africa in the hope of finding the primary kimberlites responsible for Atlantic coast alluvial deposits which are mined by De Beers' Consolidated Diamond Mines of South West Africa.

Leichardt has informed the Stock Exchange of Adelaide that it has entered into an agreement to acquire a diamond project in Namibia. The concession is six farms in the district of Luderitz and Bethanie which are contiguous and measure a total of 120,000 hectares.

ACA Howe Australia have been appointed technical managers to the company under the direction of ACA Howe's Australian chairman, Mr. Peter Howe.

Three directors removed from Five Oaks Board

THREE BOARD members of Five Oaks Investment, the property and housebuilding company which is recovering from serious losses, have been removed as directors following a poll.

They are Mr. Angelo Southall, the former chairman, Mr. Kenneth Richardson and Mr. Barry Lilley. The men have been replaced by nominees of Mr. John Peutherer, a dissident shareholder who controls around 26 per cent of the equity and who called for the poll at a special meeting of the company last month.

The three new directors are Mr. Peutherer, Mr. "Eddie" Marsland who is also chairman of Midland Industries, and Mr. John Waldron.

In asking shareholders to reject Mr. Peutherer's moves, Mr. Southall had said that Mr. Peutherer was considering injecting his own residential and shop property portfolio into the company. He also proposed to close down the housebuilding side.

William Pickles

Reorganisational programme well under way

"I cannot promise you a substantial increase in profit in the current year when so much change is occurring but I have great faith that given a reasonable economic climate, 1980 will herald a vast improvement in our fortunes".

Denis S. Greensmith

The Annual General Meeting of the Company was held in Manchester yesterday. The following are extracts from the statement by the Chairman, Mr. Denis S. Greensmith, submitted to the meeting.

Our Company experienced a thoroughly bad trading year in 1978 and although one can say quite truthfully that it was not a good year for textiles in general, it was certainly a particularly bad year for those involved in the manufacture of light clothing. During the year imports in certain sections of this area of textiles had reached a penetration level of 72% and although the new Multi Fibre arrangement had been implemented, it was too late for any effectiveness to have influenced the trading pattern in that year.

Also there was a certain level of interruption in our programmes due to industrial disputes and that the strengthening of sterling undoubtedly reduced our export sales.

Faced with deteriorating profits I felt that additional fundamental changes were called for. The necessary research and development work was undertaken by a Sub-Committee of the Board. We isolated principal reasons for our lack of success. Plans designed to overcome these problems and to exploit our strengths were framed by the Development Committee, discussed at Management Meetings and finally approved unanimously by the Board.

A new organisational structure is taking shape and new investment has been approved, designed to update our production facilities. A marketing approach is resulting in new merchandise ranges, the development of new trading areas and a greater penetration into our established market place. There is tremendous activity at the systems level designed to improve our efficiency, partly through computerisation and partly through a new management accounting and information system, as a basis for more effective control.

I am sure that like me, you will be wondering when all these plans will produce results. The reorganisation is already well under way and will, I estimate, be virtually complete by the end of 1979. I cannot promise you a substantial increase in profit in the current year when so much change is occurring but I have great faith that, given a reasonable economic climate, 1980 will herald a vast improvement in our fortunes.

Results in brief	1978	1977
Group Turnover	£23,858,797	£22,925,490
Group Profit before tax	£417,482	£817,082
Dividends	£123,816	£208,211

Group Companies: Abbotsford Fabrics Ltd. The Banner Group of Companies: Wm. Chapman Ltd. Glen Fabrics Ltd.: Harrow Fabrics (Int.) Ltd. Macasets Ltd.: Sparrow, Hardwick & Co. Ltd. Susy Ware & Co. Ltd.: Uwin Sportswear Ltd.

WILLIAM PICKLES & CO. LTD.
101 Portland St., Manchester M60 1EH

BIDS AND DEALS

Evode shares suspended

Shares in Evode Holdings, which started the day at 41p, were suspended yesterday at 51p "pending an announcement."

Mr. Peter Wright, Evode's chairman and Mr. Andrew Simon, the company's vice-chairman and chief executive, were both understood to be in London yesterday. Mr. Wright, formerly chairman and managing director of Perkins Engines, took over at Evode last September following the death of the company's founder, Dr Hermann Simon.

Mr. John Lannell, finance director, said yesterday interest in Evode had been expressed over the years but as far as he knew no firm had been agreed.

Evode's latest results for the year to last September showed pre-tax profits £143,000 lower at £1.34m. The figures, however, included a substantial second half recovery.

SUNDERLAND AND SHIELDS

Sunderland and Shields Building Society, which has assets of over £100m, is acquiring South Shields-based Nelson and Premier.

This society has assets of £4.16m, reserve funds of £250,000 and a roll of 3,300 members.

Sunderland and Shields will now incorporate 15 societies.

ARLEN ELECTRICAL

Arlen Electrical has exchanged conditional contracts to purchase Alan Stephen (Folkestone) for £420,000.

The price is to be satisfied by the issue of 538,459 ordinary shares at 78p each. Of these, 192,308 are to be placed with institutional clients of Harris Allday Lea and Brooks to realise some £150,000 cash for the vendors.

Stephen's principal assets comprise a Government stock holding with a current market value of about £100,000 and the freeholds of two factory premises in Folkestone, Kent, which have been valued at £350,000.

For the period November 11, 1978, to March 31, 1979, the company turned in pre-tax profits of £1,139 and had net assets at March 31 of £385,923.

DALGETY BUYS U.S. FROZEN FOOD COMPANY

Dalgety Inc., the U.S. subsidiary of Dalgety, has acquired, for an undisclosed sum, all the outstanding shares of Cedergreen Food Corporation, a private company based in Wenatchee, Washington.

Cedergreen is a processer of frozen vegetables with an annual turnover of £8m and after tax profits of £350,000. The acquisition will complement the previous purchases of Kelley Farquhar in December, 1977, and Santa Fee-Driscoll Packers Inc. in June, 1978, between them the three companies will handle about 14 per cent of the frozen vegetables produced and sold in the Pacific north west.

Yesterday's announcement follows Dalgety's acquisition in May of the Martin-Brower Corporation of Chicago, a leading U.S. food distributor.

JAMES LATHAM

James Latham has acquired I. A. Murphy (Timber) of Braintree, Essex, timber importers and processors. Consideration is 38,096 8 per cent cumulative preference shares of Latham, and £20,000 cash.

Sales of Murphy to March 31, 1979, were £405,000 and the net assets acquired amount to £34,298, with deferred tax of £15,600. The net profit before tax was £13,321.

AAH SUBSIDIARY ACQUIRES TSC

British Fuel Company, 50.25 per cent-owned subsidiary of AAH has acquired the whole of the issued share capital of TSC Holdings for £200,000.

The company trades as builders and plumbers' merchant with headquarters in Bournemouth, Hants.

The consideration has been satisfied partly by cash and partly by the issue of 139,000 ordinary shares.

UNITED BISCUITS

On June 28 United Biscuits (Holdings) purchased over 91 per cent of the common stock and 99 per cent of the preference stock of Specialty Brands. The offer has now become unconditional.

WALKER AND STAFF

The directors of Walker and Staff Holdings say that contracts have been exchanged for the acquisition of a freehold residential property investment located at Canford Cliffe, Bournemouth, at its open-market value of £90,000 plus stamp duty and legal fees.

The consideration will be payable in cash from the company's existing resources at completion which is expected to take place at the end of September, 1979.

REDIFFUSION

Rediffusion has provisionally agreed to sell the share capital of Barbados Rediffusion Service, a wholly-owned subsidiary, to a Barbados newspaper group.

Carlton Real Est. buys Spartan

Carlton Real Estates, formerly General Ceylon (Holdings), has bought Spartan Investments in a deal worth £131,000.

Spartan has a property portfolio which includes three shops and an office building in Liverpool. As at December 31, 1978, Spartan had net assets of £83,000, all properties being valued at cost, and for the year ending December 31, 1978, reported taxable profits of £6,890.

Carlton has also acquired for a total consideration of £161,000 various reversionary shop properties in South London, and a vacant unit adjacent to F. W. Woolworth in Blackpool. This property has now been let to a local multiple retailer for £11,000 per annum and refurbishment works are being carried out.

KIRKBY MANUFRG./SCHERING-PLOUGH

Shering-Plough Corporation has purchased Kirkby Pharmaceuticals of Mildenhall, for an undisclosed amount of cash. Kirkby is a manufacturer of injectable and opthalmic drugs and proprietary medicines, a contract manufacturer for other firms and conducts its own pharmaceutical research activities.

VICKERS/QUAY

Vickers, the engineering and office equipment group, has acquired the products, design engineering sales operations of Quay Dynamics, rolling mill and metal forming specialists, in a deal worth £60,000. The value of the deal was incorrectly stated yesterday.

SHARE STAKES

Bischi Tin Co.—Mr. Edward Solomon Nasser has acquired a further 10,000 shares, bringing his total holding to 870,000 shares (5.66 per cent).

Staffordshire Potteries — Temple Bar Investment Trust, a member of the Electra House Group, is now interested in 540,000 ordinary (9.6 per cent) after the purchase of 315,000 ordinary.

J. Grant up in first quarter

First-quarter profits of James Grant and Co. (East) are ahead of the comparable period last year, Mr. H. Oppenheim, chairman, says in his annual statement. And it would appear the house furinshing group can look forward to another satisfactory year.

Taxable profits in the year to January 31, 1979, rose from £788,000 to £1,155,000, on lower turnover of £13.36m, against £14.41m.

Thomson McLintock, the auditors, say no depreciation is provided on freehold properties, contrary to SSAP 12. The directors consider freehold properties are fully maintained and are continually appreciating in value: and it would be unrealistic to provide depreciation.

The company has "close" status.

Meeting, Edinburgh, July 19 at 2 pm.

ROTAFLEX

Rotaflex (Great Britain) has changed its name to Concord Rotaflex.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Lincroft Kilgour, SGB, Sotheby Parke Bernet, Winterbottom Trust.

Finals—Geo. Bassett, Carless Capel and Leonard, Henderson-Kenton, Imperial Continental Gas Association, London and Midland Industrials, A. Monk, Rexmore.

FUTURE DATES

Interim—	
Paramba	July 19
Finals—	
Benn Brothers	Aug. 8
Celestion Inds.	July 5
Dowty	July 19
Fitch Lovell	July 26
General Electric	July 5
H.A.T.	July 17
Inchcape	July 26
Marston Thompson and Evershed	July 13
Mever (Montague L.)	July 16
Rothmans International	July 12
Russell Brothers (Paddington)	July 5
Sturla Holdings	July 12
Textured Jersey	July 11
United British Securities	July 10
Weddington (John)	July 4
Warner Holidays	July 9

Brunning chief sees increase in profit

PRELIMINARY BUDGETS indicate increased profitability within the Brunning Group, the London-based advertising agency, and profits should rise in the current year, Mr. Geoffrey Brunning, chairman, says in his annual statement.

As reported on May 31, pre-tax profits slipped from £814,672 to £768,146 in the year to March 31, 1979, on higher turnover of £28.44m (£26.1m).

The chairman says group agencies in the year under review suffered from industrial disputes at the beginning of 1979, notably a loss of revenue through the National Union of Journalists' dispute and the lorry drivers' strike. Further income was lost because of slimmer national newspapers. In all, these cancellations have been calculated to have cost more than £50,000 in net profit.

The reorganised London agency, however, has gained a number of new accounts and prospects are encouraging.

The Maidenhead agency has put on substantial new business with all the signs of continued good business, while the Bristol agency has expanded operations gaining a number of new accounts. Benefit from these is expected in the current year.

The Birmingham office continues to make progress, especially in the automotive fields. The Liverpool agency has been through a period of consolidation, while in Yorkshire considerable progress has been made in billing and profitability. Manchester has gained a number of accounts which will help the current year.

Circular Distributors has had another record year. The distribution of weekly newspapers has increased substantially, with new launchings in the pipeline.

In boat building, sales in the first three months of 1979 were non-existent because of the weather, but a new 820 motor cruiser was introduced successfully at the London boat show and considerable money is being spent on model development and boats.

Novolor, the precision glass work company, is increasing sales and demand. At Kennet Press, the future order position appears to be good and prospects reasonable.

ASSOCIATE DEAL

Hill Samuel Invest Management as associates of Jenks and Cattell, have purchased, on behalf of discretionary investment clients 120,000 Armstrong Equipment at 68½p.

The dilemma over local government spending

BY MICHAEL COWAN

ACTIONS undoubtedly speak louder than words, and by announcing a firm intention to reduce the local authorities' rate support grants in the current year by £300m when the final calculation is made in November, the Government has certainly acted. The rest, however, at this stage is mere words.

The Chancellor's budget cuts on the expenditure side fall almost wholly on capital, and so far as councils are concerned are for the most part the traditional paper cuts with little real effect. The largest single cut is £270m (including land acquisitions) on council house building, which the Government itself admits is merely the elimination of an over-provision in allocations brought to light by consistent underspending in the past couple of years, plus an £85m cut in municipalisation offset by a £100m increase in improvement grants. The net real effect on councils is probably a cut of £25m in capital—about one-half being reductions in education—and nothing at all in current spending.

However, the Government has asked councils to reduce their current spending by 3 per cent below the £12.04bn relevant expenditure accepted by the Government in the 1979-80 rate support grant settlement last November.

Since local authorities traditionally budget for a level of expenditure above the actual settlement figure—in 1979-80 by 3.5 per cent—the total cuts proposed by the Government represent 6.5 per cent of budgeted expenditure. Nevertheless, local authorities rarely spend the full budget amount.

For 1980-81 the Government has instructed the joint civil service/local authority association expenditure sub-groups to report on the consequences of cuts of 2.5 per cent, 5 per cent, and 7.5 per cent below the last public expenditure White Paper targets, which allowed for a real increase of 1.0 per cent. But nothing has yet been decided.

Given this background information, plus some official and unofficial figures, it is possible to produce the probable arithmetic of local finance for this year and next, as set out in the tables. The first column of Table 1 sets out the calculations behind last November's rate support grant settlement: total current spending was assumed to be around £12bn (1.5 per cent up on the expected outturn for 1978-79) and inflation during the year was estimated—purely on the basis of Government policy rather than reality—at £835m. With a notional rate support grant of 61 per cent, the former Environment Secretary, Mr. Peter Shore, had hoped that councils would be able to hold their average domestic rate increases below 10 per cent by drawing on balances to the extent of £100m. Column two shows how councils actually budgeted: planned current spending is 3.5 per cent above the guideline and the provision for inflation £340m higher. Average domestic rate bills were increased by 18.5 per cent, leaving planned drawing from balances of nearly £500m to meet the shortfall.

Table 2 shows that, for once, councils as well as the Government have been unduly optimistic about the course of inflation in the current year: instead of extra costs of £1.18bn assumed by treasurers, the outcome is likely to be £1.5bn, or even more, if the comparability commission turns out to be generous.

Stick to plans

If, therefore, councils stick to their expenditure plans they will have to increase their calls on balances by a further £260m, making a total of £750m out of the £1.4bn they are thought to have had available at the beginning of the year. Nobody, however, seriously believes that councils would have spent up to the limit of their budgets. In the light of recent experience, a reduction of £200m-£250m would have been likely, which means that even after the Chancellor's £300m cut they could have got by with the planned £500m withdrawals from balances. In short, so far as the current year is concerned, the effect of the Budget cut can hardly be thought of as disastrous. Column 3 of Table 1—the sort of figures likely to have been presented to the Chancellor—shows that if councils stick to last November's expenditure guidelines, then even with the substantially higher inflation now likely to be encountered and the cut in rate support grant, withdrawals from balances could be even less than budgeted.

The final column of Table 1 illustrates the sort of optimistic spending figures that the Environment Secretary must have had in mind when he called for 3 per cent cut in spending this year. Merely to have called for a cut of this order in councils' plans would have been decidedly weak, since it would amount to nothing more than a request to stick to last year's settlement figures — hence the figures assume a cut of 3 per cent below the original target. On this basis, if they were achieved, councils would not need to touch their accumulated balances at all. This is unrealistic, however, and is better seen as a precursor to next year's settlement.

Table 3 gives some purely illustrative figures for the arithmetic of next November's rate support grant settlement. The Government is talking about cuts of 7.5 per cent below the current White Paper targets, so 5 per cent is perhaps plausible. Whether councils will comply after the past few lean years is much less certain.

Given the figures, however, a cut in notional rate support grant to 59 per cent from this year's original 61 per cent—likely to be an actual 58-59 per cent—would imply average domestic rate increases of 16 per cent. This is perhaps not unrealistic. The trouble is that in fixing the rate support grant, governments invariably face a dilemma that no modern Protagoras has yet been found to resolve: if they hold down the rate support grant, councils may make up the shortfall from the rates—thus pushing the average increase up to unwelcome (to the Government not least) levels: on the other hand, if to avoid this possibility they increase the grant, the councils may choose to levy the same rate increases and spend the money instead.

Hence the anxious speculation in local government circles that the Government might try to escape between the horns of the dilemma by either reforming the grant arrangements so as to allow it to publicise what individual councils' rate levies should be, or, worse, actually to legislate to take away councils' independence. Either course would destroy relations with council's generally and with the Conservative-controlled local authority associations.

Alternatively, the Government could raise locally determined sector borrowing allocations (severely cut by Mr. Shore) so that less capital need be charged directly to revenue. This would, however, increase the public sector borrowing requirement. Instead, the Government could increase domestic relief at the expense of commerce and industry, which would hardly be in accord with current fiscal policy, or actually reduce it so as to squeeze councils politically.

In a nutshell, the Government faces a difficult settlement next year.

Michael Cowan is leader of the Labour group, Newark District Council, formerly chairman of the finance committee Nottinghamshire County Council 1973-77.

LOCAL AUTHORITY REVENUE ACCOUNT 1979-80

	Government guidelines Nov. 1978 £m	Council's budget returns £m	*Possible outturns A £m	B £m
At Nov. 78 prices				
Current expenditure	12,038	12,463	12,038	11,688
Capital ex-revenue	563	560	560	560
Inflation to outturn	835	1,175	1,470	1,470
At outturn prices				
Loan charges	1,383	1,412	1,412	1,412
Rate contribution to council housing	283	372	372	372
Interest receipts	−156	−195	−195	−195
Other	65	71	71	71
Total revenue expenditure	15,011	15,858	15,743	15,385
less Govt. grants	9,126	9,149	9,161	9,161
add domestic relief	684	681	681	681
less collection costs	90	101	101	101
less net rates	6,379	6,798	6,798	6,798
Reduction in balances	100	491	349	−9

*Possible outturns: A—if councils hold current spending to settlement level; B—if councils cut current spending to 3 per cent below settlement.

INFLATION IN 1979-80

		Effect in 1979-80: Original cash limit £m		Possible actual cost £m	Extra cost over cash limit £m
Teachers (April 79)	5%	185	10.8% plus	420	235
Professional and admin. staff (July)	5%	93	9%	170	77
Police (May)	special	93	say	145	52
Firemen (Nov.) 6% reduced hours		25	9%	30	5
Manuals (Nov. 78)	5%	97	9%	175	78
(Nov. 79)	5%	43	9% plus	193	150
		536		1,133	597
Prices	8%	330	10%	420	90
		866		1,553	687
Income adjustment		31		38	7
Net effect of inflation		835		1,515	680
Less councils' budget provis'n			£1,175		
Extra grant after £300m cut			35	1,210	
Net extra cost to balances				305	

EXPENDITURE, GRANT AND RATES: 1980-81

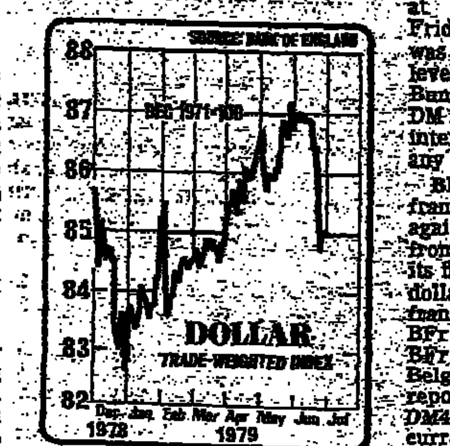
	£m
At November 1978 prices	
Current expenditure in 1979 White Paper plans	12,163
Capital ex-revenue	600
Inflation to outturn 1979-80	1,500
less 5% cut	713
Inflation to outturn 1980-81 at 15%	2,032
At outturn prices	15,582
Loan charges	1,500
Rate contribution to council housing	376
Interest receipts	−150
Other	[illegible]
Total revenue expenditure	17,388
Less Government grants at 59%	10,260
Add cost of domestic relief	685
Less collection costs	120
Rate requirement 1980-81	7,693
Average general rate (1p—£69m)	111.5p
Increase over 1979-80	13.2%
Average domestic rate	92.3p
Increase over 1979-80	16.4%

CURRENCIES, MONEY and GOLD

Pound strong

Sterling continued to improve yesterday as high interest rates and Britain's move towards self-sufficiency in oil generated further demand. The U.S. dollar finished at around its best level for the day against many currencies, but only after continued central bank intervention. Sterling opened at $2.1825 and eased to $2.1800, which probably signalled early activity by the central banks. However by noon, further dollar sales had developed and the pound reached $2.1900. Demand during the afternoon pushed up the rate to $2.1930-2.1940 but further dollar support, including intervention by the U.S. Federal authorities saw the rate ease to a closing level of $2.1880-2.1890, a rise of 85 points, and its best closing level for nearly four years.

Sterling's rise was reflected in its trade weighted index, which rose sharply to close at 70.1 from 69.5, having stood at 70.0 at noon and 69.9 in the morning. Last night's closing calculation was its highest since March 1976. The dollar opened at its lower levels for the day but was slowly bolstered to show a rise against the D-mark to DM 1.8415 from DM 1.8389 on Friday and SwFr 1.6555 against SwFr 1.6550 in terms of the Swiss franc. The Japanese yen was also weaker with the U.S. unit improving to Y218.20 from Y217.75. On Bank of England figures, the dollar's trade weighted index eased very slightly to 85.0 from 85.1.



FRANKFURT—The dollar was fixed lower against the D-mark at DM 1.8391 compared with Friday's level of DM 1.8452, but was slightly above its opening level of DM 1.8380. The Bundesbank bought a token DM 2.45m at the fixing with intervention not in evidence at any other time.

BRUSSELS—The Belgian franc was fixed at BFr 16.02 against the D-mark, unchanged from Friday, but still close to its floor level of BFr 16.0740. The dollar lost ground against the franc, and was quoted at BFr 29.45 compared with BFr 29.615 previously. The Belgian National Bank was reported to have given around DM40m in support of its currency, although sterling improved to BFr 64.52 from BFr 64.225, as did the Danish krone to BFr 5.5825 from BFr 5.5815.

MILAN—The lira improved against the dollar but eased in a contrary trend against its EMS partners. The dollar was quoted at L828.95 against Friday's level of L832.70 while the D-mark rose slightly to L450.90 from L450.50 and the French franc to L194.61 from L194.43. Sterling was also firmer at L1,814.55 against L1,805.40 previously.

TOKYO—The dollar improved against the Japanese yen to close at Y217.775, compared with Y217 on Friday.

THE POUND SPOT AND FORWARD

July 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1800-2.1940	2.1880-2.1890	0.78-0.68c pm	4.63	1.70-1.60 pm	3.71
Canada	2.5490-2.5630	2.5575-2.5585	0.88-0.78c pm	3.89	1.95-1.85 pm	2.97
Nethlnd.	4.40½-4.44½	4.42½-4.43½	2⅞-1⅞c pm	6.43	6½-5½ pm	5.42
Belgium	64.15-64.70	64.55-64.65	20-10c pm	2.78	60-50 pm	3.40
Denmark	11.52-11.63	11.60½-11.61½	par-2ore dis	−1.03	1ore pm-1 dis	par
Ireland	1.0620-1.0675	1.0660-1.0670	25-35p dis	−3.37	82-92 dis	−3.26
W. Ger.	4.00½-4.04½	4.02¾-4.03¾	3½-2½pf pm	9.30	8¾-7¾ pm	7.56
Portugal	106.70-107.70	106.85-107.25	30-90c dis	−6.72	100-200 dis	−5.60
Spain	144.40-144.70	144.50-144.60	50c pm-par	2.07	75-25 pm	1.38
Italy	1,811½-1,816½	1,812¾-1,813¾	¾ lire pm-1¼ dis	−0.03	1½-3½ dis	−0.55
Norway	11.05½-11.13½	11.12-11.13	5-3ore pm	4.31	15-13 pm	5.03
France	9.29-9.35½	9.34¼-9.35¼	3½-2½c pm	3.85	7-6 pm	2.78
Sweden	9.28-9.33½	9.31½-9.32½	2½-½ore pm	1.93	8-6 pm	3.00
Japan	473-480	477-478	410-380y pm	9.93	9.85-9.55pm	8.10
Austria	29.45-29.65	29.58-29.63	22-12gro pm	6.89	53-43 pm	6.48
Switz.	3.61-3.64	3.62-3.63	4⅝-3⅝c pm	13.65	12¾-11¾ pm	12.83

Belgian rate is for convertible francs. Financial franc 67.60-67.70c pm. Six-month forward dollar 2.97-2.87c pm; 12-month 5.00-4.90c pm.

THE DOLLAR SPOT AND FORWARD

July 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1800-2.1940	2.1880-2.1890	0.78-0.68c pm	4.00	1.70-1.60 pm	3.01
Ireland†	2.0510-2.0575	2.0510-2.0560	1.55-1.35c pm	8.47	3.35-3.30 pm	6.48
Canada†	85.51-85.58	85.55-85.58	0.03-0.01c pm	0.28	0.04-0.01 pm	0.12
Nethlnd.	2.0195-2.0215	2.0195-2.0215	0.50-0.40c pm	3.74	1.35-1.25 pm	2.57
Belgium	29.41½-29.57	29.49-29.51	par-2c dis	−0.41	par-2 dis	−0.41
Denmark	5.2775-5.3075	5.3050-5.3075	1.25-1.75ore dis	−3.39	4.25-4.75dis	−3.39
W. Ger.	1.8385-1.8425	1.8415-1.8425	0.82-0.72pf pm	5.02	2.20-2.10 pm	4.67
Portugal	48.83-49.00	48.93-49.00	35-45c dis	−9.79	90-130 dis	−8.98
Spain	66.03-66.10	66.07-66.10	10-20c dis	−2.72	40-50 dis	−2.72
Italy	828.90-829.80	828.90-829.30	2.50-3.25 lire dis	−4.16	6.50-7.50dis	−3.38
Norway	5.0640-5.0850	5.0840-5.0850	0.70-0.20ore pm	1.06	2.40-1.90 pm	2.48
France	4.2675-4.2725	4.2700-4.2725	0.02c pm-0.08dis	−0.08	0.05-0.25dis	−0.14
Sweden	4.2530-4.2580	4.2570-4.2580	0.10ore pm-0.10 dis	—	0.20 pm-par	0.94
Japan	217.85-218.30	218.10-218.30	1.15-1.00y pm	5.91	2.80-2.65 pm	4.99
Austria	13.49½-13.53	13.52-13.53	4.25-3.50gro pm	3.44	13-11 pm	3.55
Switz.	1.6535-1.6585	1.6555-1.6565	1.45-1.40c pm	10.33	4.10-4.05 pm	9.85

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 2	Bank of England Index	Morgan Guaranty changes %
Sterling	70.1	−35.1
U.S. dollar	85.0	−8.3
Canadian dollar	80.7	−17.9
Austrian schilling	147.4	+19.2
Belgian franc	113.9	+15.5
Danish kroner	113.9	+2.7
Deutsche Mark	151.6	+42.4
Swiss franc	198.1	+89.5
Guilder	123.5	+18.7
French franc	99.2	−6.9
Lira	54.9	−49.0
Yen	131.3	+29.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England index=100).

CURRENCY RATES

June 29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.595416	0.629803
U.S. $	9½	1.29113	1.36447
Canadian $	11¼	1.50775	1.59274
Austria Sch	3¾	17.5364	18.5295
Belgian F	9	38.2336	40.4155
Danish K	8	6.85574	7.24533
D mark	4	2.38621	2.52322
Guilder	7	2.63093	2.77055
French Fr	9½	5.53236	5.84606
Lira	10½	1075.16	1136.85
Yen	4¼	280.159	296.772
Nrwgn. K	8	6.56205	6.96428
Spanish Pes	8	85.3229	90.0690
Swedish Kr	6½	5.52552	5.83788
Swiss Fr	1	2.14758	2.26911

OTHER MARKETS

July 2	£	$		£ Note Rates
Argentina Peso	2857-2893	1295-1322	Austria	29-30
Australia Dollar	1.9530-1.9570	0.8920-0.8940	Belgium	66.60-67.80
Brazil Cruzeiro	55.50-56.50	25.35-25.82	Denmark	11.44-11.54
Finland Markka	8.54-8.56	3.8775-3.8795	France	9.20-9.30
Greek Drachma	79.153-81.086	36.15-37.03	Germany	3.93-4.02½
Hong Kong Dollar	11.1474-11.1874	5.0985-5.1085	Italy	1,760-1,806
Iran Rial	158.74-165.16	72.50-75.50	Japan	465-475
Kuwait Dinar (KD)	0.599-0.609	0.2765-0.2767	Netherlands	4.34-4.44
Luxembourg Frc.	64.55-64.65	29.50-29.52	Norway	11.00-11.10
Malaysia Dollar	4.7544-4.7660	2.1705-2.1720	Portugal	102-106
New Zealand Dlr.	2.1-2.1802	0.9875-0.9905	Spain	141-145
Saudi Arab. Riyal	7.27-7.37	3.3795-3.3805	Switzerland	3.60-3.60
Singapore Dollar	4.7601-4.7615	2.1685-2.1700	United States	2.18½-2.17½
Sth. African Rand	1.8475-1.8575	0.8440-0.8458	Yugoslavia	40-43

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.4286	+2.46	+1.51	±1.53
Danish Krone	7.08592	7.25356	+2.37	+1.42	±1.635
German D-Mark	2.51064	2.52483	+0.57	−0.38	±1.1325
French Franc	5.79831	5.85111	+0.91	−0.03	±1.35
Dutch Guilder	2.72077	2.77339	+1.93	+0.98	±1.5075
Irish Punt	0.662638	0.665821	+0.48	−0.47	±1.665
Italian Lira	1148.15	1136.50	−1.01	−1.01	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 2	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.189	4.025	477.5	9.348	3.625	4.430	1815.	2.558	64.50
U.S. Dollar	0.457	1.	1.843	218.2	4.271	1.656	2.024	829.5	1.169	29.52
Deutschemark	0.248	0.543	1.	118.4	2.318	0.899	1.099	449.7	0.634	16.02
Japanese Yen 1,000	2.094	4.583	8.445	1000.	19.58	7.592	9.277	3797.	5.357	135.3
French Franc 10	1.070	2.341	4.314	510.8	10.	3.878	4.739	1940.	2.737	69.11
Swiss Franc	0.276	0.604	1.112	131.7	2.579	1.	1.222	500.2	0.706	17.82
Dutch Guilder	0.226	0.494	0.910	107.8	2.110	0.818	1.	409.3	0.577	14.58
Italian Lira 1,000	0.551	1.207	2.224	263.3	5.155	1.999	2.443	1000.	1.411	35.63
Canadian Dollar	0.391	0.856	1.576	186.7	3.654	1.417	1.732	708.9	1.	25.25
Belgian Franc 100	1.548	3.388	6.242	739.2	14.47	5.611	6.858	2807.	3.960	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.45-10.55 per cent; three months 10.35-10.45 per cent; six months 10.40-10.50 per cent; one year 10.00-10.10 per cent.

July 2	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	14¼-14¾	10¼-10½	9¼-10¼	7¼-7½	⅛-⅛	5¼-5½	8½-9	15-16	10⅛-10¼	5⅛-7½
7 days' notice	14¼-14¾	10¼-10⅜	9½-10½	7¼-7⅞	⅛-⅜	5⅜-5⅞	8¼-9	15-17	10⅜-10½	[illegible]
Month	14¼-14½	10⅜-10½	10⅛-10⅝	7⅞-8⅛	1⅛-1⅜	5⅞-6	10⅛-10⅞	13-14	10⅜-10½	5⅞-6
Three months	14-14¼	10⅛-10½	10⅛-10⅝	8⅛-8⅝	1⅝-1⅞	6⅛-6½	11-11¼	13¼-14¼	11-11⅛	6⅛-6¼
Six months	13½-13¾	10⅜-10½	10⅝-10⅞	8¼-8½	1¾-2	6⅜-6⅝	11¼-11½	13¼-14¼	10⅝-10¾	6⅛-6⅜
One year	13⅛-13⅜	10¼-10⅜	10¼-10⅝	8¼-8⅝	2⅛-2¼	6⅞-7	11¼-11½	14-15	10⅛-10¼	6¼-6⅜

Long-term Eurodollar: two years 9¾-10⅛ per cent; three years 9¾-10 per cent; four years 9¾-9⅞ per cent; five years 9¾-9⅞ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

U.S. rates steady

Treasury bill rates were generally steady in early trading in New York yesterday with 13-week bills at 8.92 per cent against 8.925 per cent and 26-week bills at 8.89 per cent against 8.94 per cent on Friday. Speculation increased ahead of next week's Federal Open Market Committee meeting as to whether U.S. monetary policy would be tightened to combat inflation and a weak dollar. Measures could include a rise in the discount rate, at present standing at 9½ per cent.

Federal funds were trading up to 11 per cent before coming back to 10½-10⅝ per cent. Rates tended to be rather erratic, reflecting technical book squaring movements ahead of the half-year and Wednesday's public holiday.

FRANKFURT — Interbank money rates showed an easier tendency, and call-money fell to 5.60-5.65 per cent from 5.65-5.80 per cent. One-month money was quoted at 5.70-5.90 per cent after 5.80-5.90 per cent on Friday and the three-month rate eased to 6.40-6.60 per cent from 6.55-6.65 per cent. Six-month money stood at 6.70-6.90 per cent compared with 6.80-6.90 per cent with 12-month money at 7.10-7.30 per cent against 7.20-7.30 per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were quoted at 10½-11⅛ per cent for one-month and 11-11½ per cent for three-month from a previous common close of 11-12 per cent. Six-month deposits stood at 10½-10⅞ per cent against 10⅞-11⅛ per cent with 12-month deposits at 10-10⅛ per cent from 9½-10½ per cent. Friday's decision by the authorities to raise rates on Treasury certificates to 10.75 per cent for one-month, 11 per cent for two-month and 11.25 per cent for three-month, failed to have any significant impact on the Belgian franc, which remained weak within the EMS.

PARIS—Interest rates continued to rise yesterday with call money at 8½ per cent against 8⅜ per cent on Friday. While one-month money remained at 8⅝-8⅞ per cent, the three-month rate rose from 9⅛-9¼ per cent to 9⅜-9½ per cent. Six-month money was quoted at 9½-9⅝ per cent and 12-month at 9⅞-10 per cent.

AMSTERDAM — Interbank money rates were generally firmer where changed, with call money at 7⅞-8 per cent, unchanged from Friday, and one-month money rising to 8-8¼ per cent from 7⅞-8⅛ per cent. The three and six-month rates were quoted at 8⅞-9 per cent and 9⅛-9⅜ per cent respectively.

GOLD

Firmer trend

Gold rose by $3½ an ounce in the London bullion market yesterday to close at $281½-282½. The metal opened at $281¼-282 and improved during the day until news that Saudi Arabia would be increasing its oil production tended to slow down the improvement. The Krugerrand's premium over its gold content widened to 3.32 per cent from 3.17 per cent.

In Paris the 12½-kilo bar was fixed at FFr 40,150 per kilo ($283.14 per ounce) compared with FFr 40,150 ($293.14) in the morning and FFr 39,800 ($288.90) on Friday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 16,685 per kilo ($282.37 per ounce) against DM 16,485 ($277.43) previously.

	July 2	June 29
Gold Bullion (fine ounce)		
Close	$281½-282½ (£128.6-128.9)	$277½-278 (£127.70-128)
Opening	$281¼-282 (£128.4-128.7)	$281½-282¼ (£128.6-128.85)
Morning fixing	$282.20 (£129.067)	$281.30 (£129.482)
Afternoon fixing	$282.50 (£128.907)	$275.90 (£127.519)
Gold Coins, domestically		
Krugerrand	$290½-292½ (£132½-133½)	$284¼-286¼ (£131-132)
New Sovereigns	$72½-74½ (£33-34)	$71½-73½ (£33-34)
Old Sovereigns	$87¾-89¾ (£40-41)	$87½-89½ (£40¼-41¼)
Gold Coins, internationally		
Krugerrand	$290½-292½ (£132½-133½)	$284¼-286¼ (£131-132)
New Sovereigns	$72½-74½ (£33-34)	$71½-73½ (£33-34)
Old Sovereigns	$87¾-89¾ (£40-41)	$87½-89½ (£40¼-41¼)
$20 Eagles	$401-406	$393-398
$10 Eagles	$222-228	$220-225
$5 Eagles	$159-164	$157-162

MONEY RATES

NEW YORK

Prime Rate	11.5-11.75
Fed Funds	10.5625
Treasury Bills (13-week)	8.92
Treasury Bills (26-week)	8.89

GERMANY

Discount Rate	4
Overnight Rate	5.625
One month	5.80
Three months	6.50
Six months	6.80

FRANCE

Discount Rate	9.5
Overnight Rate	8.50
One month	8.8125
Three months	9.3125
Six months	9.6875

JAPAN

Discount Rate	4.25
Call (Unconditional)	5.60
Bills Discount (three-mth.)	5

UK MONEY MARKET

Exceptionally large help

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

The settlement of Government securities sales was seen as the main factor behind yesterday's huge shortage of credit in the London money market, and the authorities gave assistance on an exceptionally large scale. This comprised moderate purchases of Treasury bills, with a small amount bought indirectly, and a small number of corporation bills. In addition the authorities bought a large amount of eligible bank bills, all of which are for resale at a fixed future date. They also lent a moderate amount at MLR to 5 or 6 houses, for repayment today.

Factors against the market included the repayment of Friday's moderate advances and a small net take-up of Treasury bills to finance. Revenue transfers to the Exchequer exceeded Government disbursements by a small amount, and there was a small increase in the note circulation. Discount houses were paying 13¾-13½ per cent for secured call loans at the start with most of the days money commanding nearer 14 per cent.

In the interbank market overnight loans opened at 14¼-14½ per cent with most of the morning's business at 14⅛-14¼ per cent. Rates eased in the early afternoon 13½-14 per cent before touching 14¼-14½ per cent briefly. Rates tailed off towards the close with late afterhours balances taken as low as 3 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

July 2 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	3-14⅞	—	—	—	14⅝	13½-14	—	—	—
2 days notice	—	—	14¼-14⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	14¾	14¾	14	—	—	—
7 days notice	—	14⅜-14⅝	14¼-14⅝	—	14¾	14¾	14	13⅛-13⅜	14	14⅝
One month	14⅜-14⅛	14⅜-14½	14¼-14⅜	14⅞-14¾	14¾	14½	13⅞	13⅞	13⅞	14½
Two months	14¼-14	14⅛-14⅛	—	14½-14⅛	14⅝	—	13⅞	13⅞-13⅝	13¾-13⅞	14⅜
Three months	14-13⅞	14⅛-14⅛	14-14⅛	14-13⅝	14⅛	—	—	—	12⅝	14⅛
Six months	13⅛-13	13⅝-13½	13⅜-13½	12⅞-12⅝	13¾	—	—	—	—	—
Nine months	12⅝-12⅞	12⅞-13	—	12⅞-12⅛	13⅝	—	—	—	—	—
One year	12⅛-12⅛	12⅞-12⅛	12⅝-12¾	12¾-12⅝	13	—	—	—	—	—
Two years	—	—	12¾-12⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 12¾-13 per cent; four years 12¾-13 per cent; five years 13-13⅛ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rate for four-months bank bills 13⅝ per cent; four-months trade bills 14½ per cent.

Approximate selling rate for one-month Treasury bills 13⅝-13⅞ per cent; two-months 13⅝ per cent; three months 13¼ per cent. Approximate selling rates for one-month bank bills 13¾ per cent; two-month 13⅞-13¾ per cent; and three month 13⅞ per cent; one-month trade bills 14½ per cent; two-month 14⅜ per cent; and three-month 14¼ per cent.

Finance House Base Rate (published by the Finance Houses Association) 13 per cent from July 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.3896 per cent.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on July 2, 1979. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate. Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

Place and Local Unit		Value of £ Sterling
Afghanistan	Afghani	91.00
Albania	Lek	10.249
Algeria	Dinar	8.3798
Andorra	French Franc / Spanish Peseta	9.3475 / 144.55
Angola	Kwanza	60.119
Antigua (S)	E. Caribbean $	5.9144
Argentina	Ar. Peso Free Rate	2,863
Australia (S)	Australian $	1.9550
Austria	Schilling	29.605
Azores	Portug. Escudo	107.05
Bahamas (S)	Ba. Dollar	2.1885
Bangladesh (S)	Taka	33.90 (sg)
Bahrain (S)	Dinar	0.838
Balearic Isles	Spa. Peseta	144.55
Barbados (S)	Barbados $††	4.377
Belgium	B. Franc	(cm) 64.50 / (fn) 67.65
Belize	B $	4.377
Benin	C.F.A. Franc	467½
Bermuda (S)	Bda $	2.1885
Bhutan	Indian Rupee	17.4703 (sg)
Bolivia	Bolivian Peso	43.77
Botswana (S)	Pula	1.8124
Brazil	Cruzeiro	55.00
Brit. Virgin Isles (S)	U.S. $	2.1885
Brunei (S)	Brunei $	4.7606
Bulgaria	Lev	1.7930
Burma	Kyat	14.722
Burundi	Burundi Franc	191.54
Cameroon Republic	C.F.A. Franc	467½
Canada	Canadian $	2.5580
Canary Islands	Spanish Peseta	144.55
Cape Verde Isle	Cape V. Escudo	79.60
Cayman Islands (S)	Cay. Is. $	1.8234
Cent. Af. Empire	C.F.A. Franc	467½
Chad	C.F.A. Franc	467½
Chile	C. Peso	(Bk) 80.51
China	Renminbi Yuan	3.3552
Colombia	C. Peso	(F) 93.49
Comoro Islands	C.F.A. Franc	467½
Congo (Brazzaville)	C.F.A. Franc	467½
Costa Rica	Colon	18.82
Cuba	Cuban Peso	1.4876
Cyprus (S)	Cyprus £	0.7650
Czechoslovakia	Koruna	(com) 11.25 / (n/c) 22.50 / (T) 16.90
Denmark	Danish Krone	11.61
Djibouti	Fr.	380.0
Dominica (S)	E. Caribbean $	5.9144
Dominican Repub.	Dominican Peso	2.1885
Ecuador	Sucre	(O) 54.46 / (F) 61.92
Egypt	Egyptian £	(U) 1.4025
Equatorial Guinea	Peseta	144.55
Ethiopia	Ethiopian Birr	(P) 4.5384
Falkland Islands (S)	Falkland Is. £	1.0
Faro Islands	Danish Krone	11.61
Fiji Islands	Fiji $	1.8180
Finland	Markka	8.545
France	French Franc	9.3475
French C'tyin Af.	C.F.A. Franc	467½
French Guiana	Local Franc	9.3475
French Pacific Is.	C.F.P. Franc	170.0
Gabon	C.F.A. Franc	467½
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.031½
Germany (West)	Deutsche Mark	4.031½
Ghana (S)	Cedi	5.78 (sg)
Gibraltar (S)	Gibraltar £	1.0
Gilbert Islands	Australian $	1.9550
Greece	Drachma	80.084
Greenland	Danish Kroner	11.61
Grenada (S)	E. Caribbean $	5.9144
Guadaloupe	Local Franc	9.3475
Guam	U.S. $	2.1885
Guatemala	Quetzal	2.1885
Guinea Republic	Sily	41.317
Guinea Bissau	Peso	74.536
Guyana (S)	Guyanese $	5.581
Haiti	Gourd	10.9425
Honduras Repub.	Lempira	4.4020
Hong Kong (S)	H.K. $	11.1574
Hungary	Forint	(com) 75.61 / (T/nc) 42.08
Iceland (S)	I. Krona	744.66
India (S)	Ind. Rupee	17.4703
Indonesia	Rupiah	1,370
Iran	Rial	152.0
Iraq	Iraqi Dinar	0.64454
Irish Republic (k)	Irish £	1.0666
Israel	Israel £	55.0325
Italy	Lira	1,813¼
Ivory Coast	C.F.A. Franc	467½
Jamaica (S)	Jamaica Dollar	3.9031
Japan	Yen	477½
Jordan (S)	Jordan Dinar	0.65344
Kampuchea	Riel	2626.2
Kenya (S)	Kenya Shilling	16.235
Korea (Nth)	Won	1.861½
Korea (Sth)	Won	1060.81
Kuwait (S)	Kuwait Dinar	0.604
Laos	Kip Pot Po	875.4
Lebanon	Lebanese £	7.1071
Lesotho	S. African Rand	1.8525
Liberia	Liberian $	2.1885
Libya	Libyan Dinar	0.6479
Liechtenstein	Swiss Franc	3.625
Luxembourg	Lux Franc	64.50
Macao	Pataca	11.621
Madeira	Portug'se Escudo	107.05
Malagasy Republic	MG Franc	467½
Malawi (S)	Kwacha	1.760
Malaysia (S)	Ringgit	4.7599
Maldive Islands (S)	Mal Rupee	8.60
Mali Republic	Mali Franc	934.75
Malta (S)	Maltese £	0.7760
Martinique	Local Franc	9.3475
Mauritania	Ouguiya	92.547
Mauritius (S)	M. Rupee	13.07
Mexico	Mexican Peso	50.00
Miquelon	C.F.A. Franc	467½
Monaco	French Franc	9.3475
Mongolia	Tugrik	(O) 6.9301
Montserrat	E. Caribbean $	5.9144
Morocco	Dirham	8.30 (sg)
Mozambique	Moz. Escudo	65.096
Nauru	Australian Dollar	1.9550
Nepal	Nepalese Rupee	26.26
Netherlands	Guilder	4.43
Netherland Antilles	Antillian Guilder	3.9174
New Hebrides	Franc / Aust. Dollar	151.07 / 1.9550
New Zealand (S)	N. Z. Dollar	2.1650
Nicaragua	Cordoba	n.a.
Niger Republic	C. F. A. Franc	467½
Nigeria (S)	Naira	1.261054 (sg)
Norway	Norway Krone	11.125
Oman Sul'ate of (S)	Rial Omani	0.755
Pakistan	Pakistan Rupee	21.57
Panama	Balboa	2.1885
Papua N.Guinea (S)	Kina	1.5685
Paraguay	Guarani	275.31
Peoples D. Repub. of Yemen (S)	S. Yemen Dinar	(A) 0.74737
Peru	Sol	exc(A) 459.40
Philippines	Philippine Peso	15.98
Pitcairn Islands (S)	£ Sterling / New Zealand $	2.1650
Poland	Zloty	(Cm) 63.38 / (T) 63.38
Portugal	Portug'se Escudo	107.05
Port Timor	Timor Escudo	107.05
Principe Islands	Portug'se Escudo	107.05
Puerto Rico	U.S. $	2.1885
Qatar (S)	Qatar Ryal	8.18
Reunion Ile de la	French Franc	9.3475
Rhodesia	Rhodesian $	1.5177
Romania	Leu	(Cm) 9.89 / (nc)(T) 25.31
Rwanda	Rwanda Franc	194.40
St. Christopher (S)	E. Caribbean $	5.9144
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	5.9144
St. Pierre	C.F.A. Franc	467½
St. Vincent (S)	E. Caribbean $	5.9144
Salvador El	Colon	5.4800
Samoa American	U.S. $	2.1885
San Marino	Italian Lira	1,813¼
Sao Tome	Portugese Escudo	107.05
Saudi Arabia	Ryal	7.38
Senegal	C.F.A. Franc	467½
Seychelles	S. Rupee	13.55
Sierra Leone (S)	Leone	2.2846
Singapore (S)	Singapore $	4.7605
Solomon Islands (S)	Solomon Is. $	1.9666
Somali Republic	Somali Shilling	(A) 15.777
South Africa (S)	Rand	1.8525
South West African Territories (S)	S. A. Rand	1.8525
Spain	Peseta	144.55
Spanish ports in North Africa	Peseta	144.55
Sri Lanka (S)	S. Rupee	33.80
Sudan Republic	Sudan £	(A) 0.8754
Surinam	S. Guilder	3.9174
Swaziland (S)	Lilangeni	1.8525
Sweden	S. Krona	9.33
Switzerland	Swiss Franc	3.625
Syria	Syria £	(A) 8.5898
Taiwan	New Taiwan	(P) 78.785
Tanzania (S)	Tan. Shilling	17.75
Thailand	Baht	43.98
Togo Republic	C.F.A. Franc	467½
Tonga Islands (S)	Pa'anga	1.9585
Trinidad (S)	Trinidad & Tob' $	5.2584
Tunisia	Tunisian Dinar	0.8869 (sg)
Turkey	Turkish Lira	97.12
Turks & Caicos	U.S. $	2.1885
Tuvalu	Australian $	1.9550
Uganda (S)	Uganda Shilling	15.0
United States	U.S. Dollar	2.1885
Uruguay	Uruguay Peso	(com) 17.25 / (fin) 17.21
Utd. Arab Emirates	U.A.E. Dirham	8.31
U.S.S.R.	Rouble	1.3785
Upper Volta	C.F.A. Franc	467½
Vatican	Italian Lira	1,813¼
Venezuela	Bolivar	9.4050
Vietnam	Dong	(O) 4.771 / (T) 4.070
Virgin Islands U.S.	U.S. Dollar	2.1885
Western Samoa (S)	Samoan Tala	1.7562
Yemen	Ryal	9.90 (sg)
Yugoslavia	New Y Dinar	41.7099
Zaire Republic	Zaire	3.359996
Zambia	Kwacha	1.68

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. †Rupees per pound. ‡General rates of oil and iron exports 91.92. Based on gross rates against Russian rouble. **Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡Now one official rate. (U) Unified Rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and are not members of IMF.

NOTICE OF REDEMPTION

To the Holders of

INSILCO OVERSEAS CAPITAL CORPORATION N.V.

Guaranteed Floating Rate Loan Notes 1980

NOTICE IS HEREBY GIVEN, that the undersigned has elected to redeem $628,000 principal amount of Insilco Overseas Capital Corporation N.V. Guaranteed Floating Rate Loan Notes 1980 on July 31, 1979, pursuant to paragraph 6(a) of said Notes. The following are the serial numbers of the Loan Notes which have been selected for redemption in whole or in part:

Loan Notes in the principal amount of $1,000 bearing the prefix M to be redeemed in whole:

00023	00678	01159	02082	02492	03002	03441	03995	04475	04897	05427	05625	05826	06212	06463	06602
00024	00684	01168	02113	02569	03006	03477	04026	04483	04924	05429	05640	05830	06244	06467	06604
00043	00688	01276	02115	02590	03029	03495	04044	04522	04933	05462	05649	05831	06274	06469	06605
00060	00698	01316	02117	02593	03030	03509	04050	04524	04939	05464	05650	05838	06289	06484	06609
00080	00711	01335	02124	02599	03035	03510	04079	04550	04943	05465	05651	05840	06293	06489	06611
00185	00730	01364	02143	02631	03047	03514	04094	04567	04969	05466	05668	05843	06294	06493	06630
00192	00734	01421	02146	02651	03055	03524	04132	04592	05020	05476	05682	05846	06310	06513	06633
00204	00743	01458	02153	02691	03080	03527	04193	04598	05040	05482	05687	05873	06314	06515	06635
00216	00749	01463	02158	02692	03084	03534	04195	04605	05041	05483	05692	05874	06316	06517	06638
00255	00754	01467	02167	02740	03139	03535	04199	04619	05062	05488	05697	05879	06324	06520	06642
00273	00820	01471	02188	02748	03152	03580	04203	04660	05117	05503	05700	05899	06326	06522	06662
00291	00828	01483	02192	02749	03229	03607	04215	04666	05142	05507	05702	05929	06350	06523	06673
00292	00840	01484	02209	02779	03238	03608	04227	04690	05164	05518	05703	05931	06353	06525	06675
00316	00849	01496	02229	02808	03252	03617	04230	04735	05177	05522	05704	05934	06356	06529	06677
00344	00853	01533	02234	02812	03255	03646	04266	04763	05179	05528	05707	05956	06361	06533	06695
00385	00856	01572	02243	02814	03256	03663	04279	04770	05203	05531	05710	05973	06363	06534	06701
00389	00891	01577	02285	02823	03301	03692	04311	04772	05212	05536	05726	05976	06372	06542	
00393	01007	01585	02296	02827	03307	03708	04318	04790	05218	05537	05747	05980	06393	06551	
00396	01014	01606	02298	02831	03342	03733	04319	04822	05228	05545	05753	05981	06408	06553	
00414	01041	01608	02301	02843	03348	03746	04395	04825	05253	05549	05755	05996	06428	06561	
00496	01055	01623	02373	02888	03393	03747	04396	04845	05294	05560	05758	06054	06431	06573	
00546	01073	01652	02393	02930	03411	03808	04403	04854	05297	05570	05787	06058	06432	06574	
[illegible]															

Loan Notes in the principal amount of $10,000 bearing the prefix X and the principal amount thereof to be redeemed:

Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed
[illegible]									
01402	2,000	01443	2,000	01484	1,000	01528	1,000	01726	1,000
01403	2,000	01444	1,000	01485	1,000	01529	1,000	01727	2,000
01407	2,000	01445	2,000	01486	2,000	01530	2,000	01728	1,000
01408	1,000	01447	1,000	01487	1,000	01531	1,000	01729	1,000
01409	2,000	01448	1,000	01491	2,000	01532	1,000	01730	2,000
01410	1,000	01449	2,000	01492	1,000	01537	1,000	01731	2,000
01411	2,000	01450	2,000	01493	2,000	01588	1,000	01732	1,000
01413	2,000	01451	2,000	01494	2,000	01590	2,000	01733	2,000
01414	1,000	01452	2,000	01495	2,000	01591	2,000	01734	2,000
01416	2,000	01453	1,000	01497	2,000	01593	1,000	01736	3,000
01417	1,000	01454	2,000	01499	2,000	01598	2,000	01737	3,000
01418	3,000	01457	2,000	01500	2,000	01599	1,000		
01419	1,000	01458	1,000	01501	1,000	01600	1,000		
01420	3,000	01459	2,000	01502	1,000	01602	1,000		
01421	1,000	01460	2,000	01503	1,000	01603	1,000		

On July 31, 1979 the Loan Notes or portions thereof designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts at one-hundred percent (100%) of the principal amount thereof, at the option of the holder, either (a) at the **Corporate Trust Office of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, New York 10015** or (b) at the main offices of Morgan Guaranty Trust Company of New York in London, Paris, Zurich, Brussels and Frankfurt or at the principal office of Banque du Benelux-La Luxembourgeoise in Luxembourg-Ville.

The Loan Notes should be presented with all coupons maturing after July 31, 1979. Coupons maturing on July 31, 1979 and prior thereto should be detached and surrendered for payment in the usual manner. From and after July 31, 1979 interest on Loan Notes or portions of Loan Notes selected for redemption will cease to accrue.

The holder of any Loan Note which is redeemed in part only upon surrender thereof as above provided shall obtain in exchange for the unredeemed portion thereof at no additional cost an equal aggregate principal amount of Loan Notes of authorized denominations bearing the guarantee of Insilco Corporation and having attached all unmatured coupons.

INSILCO OVERSEAS CAPITAL CORPORATION N.V.

By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, *Fiscal Agent*

Dated: June 29, 1979

NORTH AMERICAN NEWS

FTC curbs on buyer of Fairchild Camera

By Terry Byland in New York

SCHLUMBERGER, the oilfield services and electronics group, is pressing ahead with its takeover of Fairchild Camera and Instrument Corporation. It has now agreed to a Federal Trade Commission consent order under which it will not buy any other company in the semi-conductor industry within the next 10 years.

Schlumberger has paid $66 a share or about $351.8m for 97 per cent of Fairchild's 5.5m common shares and will buy up the rest as soon as possible, thus bringing the total purchase price to $363m. Fairchild agreed to the Schlumberger offer after rejecting successive bids of $54, $57 and then $70 a share or 2.25m of its shares from Gould, another electronics company.

The FTC order could require Schlumberger to sell off its 14 per cent stake in Unitrode, an electronics component manufacturer acquired only a month ago. However, Schlumberger can also seek FTC approval to dispose of those divisions of Fairchild that might compete with Unitrode and thus hold on to its Unitrode shares or even increase the stake.

U.S. QUARTERLIES

	1979 $	1978 $
HAMMERMILL PAPER		
Second quarter		
Revenue	252.1m	210.1m
Net profits	9.14m	6.62m
Net per share	1.17	0.85
Six months		
Revenue	481.9m	409.4m
Net profits	15.14m	10.93m
Net per share	1.93	1.41
KAUFMAN AND BROAD		
Second quarter		
Revenue	122.1m	125.6m
Net profits	3.16m	5.68m
Net per share	0.25	0.35
Six months		
Revenue	221.2m	207.9m
Net profits	5.75m	5.96m
Net per share	0.44	0.36
OHIO EDISON		
Year		
Revenue	918.98m	821.56m
Net profits	82.88m	104.31m
Net per share	1.23	1.67
STOKELY-VAN CAMP		
Year		
Revenue	550.0m	503.0m
Net profits	13.0m	10.5m
Net per share	3.72	2.97
TEXAS UTILITIES		
Year		
Revenue	1.69bn	1.46bn
Net profits	216.05m	178.92m
Net per share	2.63	2.36
WINNEBAGO INDUSTRIES		
Third quarter	1979 $	1973 $
Revenue	51.95m	77.70m
Net profits	11.53m	2.38m
Nine months		
Revenue	186.14m	155.27m
Net profits	1586,000	151,000
WISCONSIN ELECTRIC POWER		
Year		
Revenue	803.9m	703.6m
Net profits	75.50m	65.87m
Net per share	3.57	3.22

Paccar's $178m takeover of Harnischfeger blocked

BY STEWART FLEMING IN NEW YORK

CONSTRUCTION equipment manufacturer Paccar was yesterday trying to decide whether to fight a Federal court decision which threatened to block its $178m takeover of mining equipment manufacturer Harnischfeger.

On Friday Harnischfeger, which has been resisting the Paccar approach, won an injunction from a Federal judge in Milwaukee blocking the bid on anti-trust grounds. The judge, who made the decision even though he conceded that it might be fatal for the tender offer, said that a Paccar takeover "may substantially lessen competition" in the small and narrow market for mining excavator-loaders and the market for hydraulic crane winches.

The granting of an injunction in these circumstances is unusual, with even federal anti-trust agencies finding it difficult to persuade the courts that bids should be blocked in advance on anti-trust grounds. Nevertheless, it presents a new and possibly formidable obstacle to Paccar.

Harnischfeger's shares, which had been selling at almost $25 each in anticipation of a higher offer than the proposed $20 a share first bid from Paccar, are expected to trade around $19-21 when trading is resumed.

Paccar was unable to say yesterday morning what action the company would take. It could appeal the judge's decision or simply drop out of the bidding. If it does appeal it will have to make an assessment of the prospects not only of winning its appeal but also of the likelihood of U.S. anti-trust agencies taking a critical look at the deal.

Pacific Petroleums boosts Petro-Canada earnings

BY OUR FINANCIAL STAFF

NET PROFIT of the Canadian state oil company Petrocanada rose from C$9.52m to C$13.74m in 1978. The company said that the increase is primarily due to the purchase last November of Pacific Petroleums.

Operating revenue of Petro-Canada reached C$174.3m, of which C$70m was provided by Pacific. Without the contribution from Pacific, Petro-Canada still shows a 17 per cent increase in profit over 1977.

Petro-Canada spent C$60m during the year on 16 wells completed in the Frontier and Western Basin regions, and currently holds 82m gross acres in those regions apart from lands held by Panarctic Oils, in which it has a 45 per cent stake.

In the Western Canadian sedimentary basin region, the company spent C$32m on exploration last year, drilling 44 exploratory and delineation wells.

Despite the fact that the company's production was running below capacity, revenues from sales of crude oil, natural gas and natural gas liquids increased. Production of oil and natural gas liquids averaged 27,200 b/d before royalty, and gas production averaged 83.6m cubic feet per day.

A & P back to profit in first quarter

By Our Financial Staff

THE SUPERMARKETS concern Great Atlantic and Pacific Tea Company (A & P) has returned to profit in the first quarter with 19 cents a share. The loss last time was $9.92m. Sales fell by eight per cent from $1.81m to $1.66m. The latest results exclude figures from 174 stores which have been closed as part of a restructuring programme.

Mr. Jonathan L. Scott, chairman and chief executive, said that the closed stores accounted for some ten per cent of the chain's volume.

Earlier this year, the West German food retailer Tengelmann agreed to pay $75m for a 42 per cent stake in A & P.

Purepac takeover

The West German chemical company Kali-Chemie has agreed to buy 53.5 per cent of the outstanding stock of Purepac Laboratories for $15.50 a share, agencies report from from New York. The greement, reached with certain members of the Storch family and some of Purepac's management, anticipates that a similar offer wil be made to holders of the remaining stock after the initial purchase is completed on July 6.

Beneficial acquisition

Beneficial Corporation has completed the purchase for more than $40m of 25 consumer finance offices in North Carolina from a subsidiary of NCNB Corporation, AP-DJ reports from Wilmington. NCNB Corporation—parent company of North Carolina National Bank, had been ordered to divest itself of the finance offices by the Federal Reserve Board because the Fed objected to the company's owning bank branch offices and finance offices in the same cities.

Kaiser Cement drops bid

BY DAVID LASCELLES IN NEW YORK

KAISER CEMENT has bowed out in its bid for Florida Mining and Materials by saying it would not raise its $45 a share offer to top the $48 a share offer, worth a total of $87m, from Moore McCormack Resources. The two companies had been engaged in a fierce bidding war for the small Florida cement-making company.

The biggest losers in the battle, though, are the Cone family who sit on Florida Mining's board and who started the bidding by selling their 32 per cent shareholding to Kaiser at $32.50 a share. That was an irrevocable deal, even though Kaiser later increased its bid, only to see Moore McCormack raise the stakes even higher.

The other major controlling family, the McKethans, meanwhile struck a deal with Moore McCormack for their 29 per cent shareholding, and will be getting the top price.

Syntex in French move

PALO ALTO—Syntex Corporation has asked the French government for approval to buy a substantial majority interest in the French pharmaceutical company Laroche Navarron.

In addition to French government approval the transaction is subject to certain conditions, including execution of a definitive agreement and satisfactory completion of an audit of Laroche Navarron. Terms were not disclosed.

The French company has more than 500 employees and 1978 sales exceeded $30m. It markets ethical human pharmaceutical products in France and many other countries.

Acquisition would considerably expand Syntex operations in Europe by adding facilities for research and chemical and pharmaceutical manufacturing. ICN

Laroche Navarron is privately owned and has no connection with Hoffman-Laroche, Syntex said.

Agencies

Montreal's French banks to merge

By Robert Gibbens in Montreal

A NEW BANK is in the making in Montreal, the National Bank of Canada. It is being formed through the merger of Montreal's two Francophone chartered banks, the Banque Canadienne Nationale and the Banque Provinciale du Canada.

The National Bank of Canada is expected to be officially in existence by early autumn, assuming shareholder and Government consents are forthcoming.

Bringing the Banque Canadienne Nationale and the Banque Provinciale du Canada together will create Canada's sixth largest chartered bank, with assets of around C$14bn. Banque Nationale at present stands sixth, and Banque Provinciale seventh

The C$14bn in assets will still be well behind Toronto Dominion. The largest bank in the country is the Royal, with assets at April 30 last of C$46.5bn, closely followed by the Canadian Imperial Bank of Commerce and the Bank of Montreal. The Bank of Nova Scotia comes next with Toronto Dominion following.

Putting together the two Montreal Francophone banks has been talked about for at least 10 years. Both had strong growth in fiscal 1978, but the rate slowed down sharply in the six months ended April 30, compared with the growth of the large Anglophone banks with their much stronger international business.

Taken by surprise

In the past week or so there was some speculation among senior bankers about a possible merger—but the general public and the staffs of both banks were taken by surprise.

The mechanics of the merger are simple: shareholders of each bank will exchange their holdings for shares of the new National Bank of Canada in a one-for-one ratio. The share prices of both existing banks have been running very close to each other this year. Banque Nationale stock closed last week at C$15¾ and Banque Provinciale at C$15¼.

Banque Nationale has assets of some C$8.5bn, and Banque Provinciale nearly C$5.5bn, but analysts consider that Banque Provinciale's profit performance has been superior

The big names behind both banks will remain in the new National Bank of Canada. M. Germain Perreault, now chairman of Banque Nationale, will become chairman of the new merged bank, and M. Michel Belanger, a former senior civil servant in Quebec, a former president of the Montreal Stock Exchange, and now president of Banque Provinciale, will be president and chief executive.

M. Leo Lavoie, current chairman of Banque Provinciale, will be vice-chairman of the new bank, and M. Jacques Douville, executive vice-president of Banque Nationale, will hold the same position in the new bank.

Shareholder meetings to approve the merger are due in late August. Tacit approval of the merger has clearly been forthcoming from both Ottawa — the two banks are federally chartered —and Quebec City, and according to some industry experts, the authorities may have given it a nudge.

Both banks have been trying to expand outside Quebec, where the bulk of their branches have traditionally been located, for some years, and Banque Provinciale bought the troubled Unity Bank of Canada a couple of years ago to further this aim.

It appears the C$8bn Caisse des Jardins credit movement, which became the largest single shareholder in Banque Provinciale about a decade ago, will continue to have a major say in the merged bank.

Competitive position

Both banks, in their official statement late on Friday, said that the proposed merger will "substantially enhance the competitive position of the new institution. The expansion now under way outside Quebec will be achieved more effectively and at less cost. Consolidation of efforts abroad will make possible a more important international role and greater utilisation of available resources."

Referring presumably to automation, the statement went on: "Reductions in personnel will be less than those arising in the normal course of affairs, and will be more than offset by the potentialities for expansion. Improvements in efficiency will not require any layoffs."

Banque Provinciale's performance has been judged better than Banque Nationale's both in profits and cost controls, and stock price levels have reflected this. Asset growth in recent years for both banks has been only half that of the big Anglophone banks. In the industry, Banque Nationale has been criticised recently for letting costs outstrip the rise in revenues.

EUROBONDS

Sterling sector prices advance

BY FRANCIS GHILÈS

THE STERLING SECTOR of the Eurobond market was by far the most active yesterday, with prices of some issues rising by as much as 2½ points on the day. Strong buying interest from Continental Europe was reported by a number of dealers.

The tone was also lively in the Deutsche Mark sector, where turnover remained at a good level and prices of seasoned issues rose by about ¼ of a point where changed. A DM 150m eight-year bullet issue carrying an indicated coupon of 8 per cent is expected for the Republic of Brazil through Deutsche Bank today. This issue is expected to be priced at par.

The DM 50m ten-year bullet issue for the Inter-American Development Bank was priced at par yesterday by the lead manager, DG Bank, instead of the indicated 99, thus confirming the good demand for this issue. The coupon remains unchanged from the level of 7¾ per cent indicated when this private placement was announced the week before last.

In the dollar sector, a $50m seven-year floating rate note for City Investing Finance NV was launched by Paribas. The notes which have an average life of 6.1 years carry an interest rate of ¼ per cent over the six-month Libor rate with a minimum coupon of 8¾ per cent. They are convertible every six months into 8¾ per cent guaranteed 12-year notes of City Investing Company. The U.S. parent company is guaranteeing the issue, which is fully underwritten by the managers.

Trading in the dollar sector of the bond market was very subdued yesterday with prices very mixed.

The $100m seven-year FRN for Nacional Financiera, which carries a minimum coupon of 6¼ per cent, was priced at par with other conditions otherwise unchanged by the lead managers, Salomon Brothers and Société Générale.

MEDIUM-TERM FINANCING

China raises borrowing sharply

BY JOHN EVANS

CHINA BECAME the largest single borrower in the international credit markets during the second quarter of 1979, raising some $18bn on an annual rate, according to the latest estimates by the Organisation of Economic Co-operation and Development (OECD).

Active capital market operations by China contributed to the increased borrowing in the whole market in April and May, in contrast to the sharp fall in new international bank lending in the first quarter of 1979, the OECD's Financial Market Trends publication reports.

Completions of medium-term syndicated Eurocredits during April/May amounted to $76.6bn, measured at annual rates, compared with $52.9bn in the opening quarter of the year. The final quarter of 1978 saw completions at a record $79.9bn, on an annual rate.

OCED countries, whose activity had declined sharply between the fourth quarter of 1978 and the first quarter of 1979, increased their borrowing in absolute terms, but their market share declined further to around 23 per cent or $17.8bn, it estimates.

"The market for medium-term syndicated Euromarkets in 1979 thus became even more a market for non-OECD borrowers. This latter feature of the market does not look like a temporary phenomenon."

The OECD says the increased lending activity in the market has not resulted in any upward pressure upon contractual spreads, which have in fact declined further during recent months.

This is "strikingly illustrated" by the conditions which China was able to secure on its first, but admittedly somewhat special, borrowings. All these amounted to contractual spreads of 0.5 per cent on maturities up to five years, the report says.

An important factor in this trend is the "unabatedly fierce competition" between financial institutions participating in the market, especially for the profitable and much coveted management positions, the OECD comments.

The consequences of this competition for the functioning of the market was particularly noticeable when certain American banks, which so far had refused to participate in loans at what they considered to be unrealistically low margins, changed their attitudes and effectively managed borrowing operations at those margins or even lower.

The OECD forecasts that new borrowings on the international capital markets, composed of both bond financings and Eurocredits, could expand some 10 per cent to reach $110bn during 1979.

Pirelli to isolate tyre side as banks step in

BY PAUL BETTS IN ROME

IN A MAJOR restructuring move, Industrie Pirelli, the Italian operating group in the Dunlop-Pirelli union, is proposing to set up a separate company to absorb its heavy loss-making tyre sector.

This was confirmed yesterday by the Milan-based company, which is now also planning a major capital reconstruction of some L85bn ($102m) with the intervention of a consortium of leading Italian banks.

Pirelli's effective losses last year, which the group attributed exclusively to the tyre sector, amounted to L28bn. However, L26bn was offset following the sale of the Pirelli skyscraper in Milan. In 1977 Industrie Pirelli lost L5.5bn.

The new operation will enable Pirelli to separate the losses of its tyre sector from the profits of both its cable manufacturing activities and its diversified products division. The move has given rise to speculation as to the possible future disengagement of Pirelli from its traditional tyre manufacturing activities.

To meet the urgent need for fresh working capital, the company now intends to increase its share capital from L78bn to L163bn in two separate stages.

The first will see Industrie Pirelli's capital rise from L78bn to L108bn through funding from company reserves. The second stage will involve a further increase of L55bn to L1.63bn. Some L15bn of this will be put up by Pirelli and the balnace of L40bn by a consortium of six Italian banks led by the state medium-term credit institute, Mediobanca.

In turn, the consortium will temporarily acquire a 24 per cent shareholding in the company. Industrie Pirelli is currently controlled by the financial holding, Pirelli Spa, which holds a 69.6 per cent stake in the company. Dunlop, which originally held a 49 per cent stake when the union was first set up in 1971, at present owns a 30.4 per cent shareholding in the Italian operating company.

The intervention of the banking consortium will effectively reduce Dunlop's shareholding in the Italian company. But the banking consortium is expected to hold its 24 per cent shareholding only for a period of five years.

Pirelli's revised financial and industrial restructuring programme, envisaged to take between two and three years, is designed to increase the group's turnover from the L797bn of last year to L1,190bn by 1984. Sales in 1979 are expected to emerge at L925bn.

By 1984, Pirelli hopes its new tyre company will be breaking even, and that, in turn, this will induce Dunlop to re-establish the original shareholding balance of the 1971 union.

Stinnes confident on margins

BY ROGER BOYES IN BONN

HUGO STINNES, the West German trading and transport concern and key Veba subsidiary, increased turnover and profits substantially last year and is confident that it can maintain the favourable margins throughout 1979.

Last year Stinnes shed two divisions, the Stinnes Stromeyer Brennstoffhandel (fuels trading organisation) and the Stinnes-fanal petrol station chain, which went to BP under the deal between Veba and Deutsche BP. This resulted in a drop in turnover of DM 3bn ($1.62bn) and a loss of about 1,300 workers.

Wide-ranging re-organisation, however, has helped to digest most of this loss of turnover and most of the funds received from BP went towards the changes. Increased business in all the remaining sectors has produced a buoyant result and a good outlook for 1979.

Last year, turnover rose by 10.8 per cent to over DM 11bn while net profits, forwarded to Veba reached DM 40.2m compared to DM 20.7m.

Stinnes, moreover, is proving to be profitable even in its pruned form. The first five months showed that the company self-service stores and its industrial services in the U.S. were doing well while the transport sector maintained last year's level despite the political uncertainties in the Middle East and Iran.

Domestic turnover in the first five months totalled DM 3.4bn compared to DM 3.5bn in 1978 (even though this 1978 figure includes Fanal and Stromeyer) while overseas turnover reached DM 908m compared to DM 738m last year.

Altogether turnover for January-May this year was DM 4.36bn against DM 4.27bn last year.

West German state loan

BY OUR FINANCIAL STAFF

THE WEST GERMAN government will launch a federal loan of up to DM 1.5bn on the domestic bond market today. The new funding is likely to be divided into two tranches, closely resembling the last federal loan floated early last month and also totalling DM 1.5bn. Terms of the June government issue were a coupon of 7¾ per cent for a six year tranche and a coupon of 8 per cent for a ten year offering. Both tranches were priced at 99½.

The Federal Loan Consortium will probably attempt to match the terms of one of the new tranches with that of the DM 650m Federal Railway loan floated last week on a coupon of 8 per cent at 99¾. The Bundesbank issue was a success, with dealers estimating that more than DM 6bn had been put up by investors.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on July 2

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	99	99½	0	+0½	10.12
Alox Howden XW 9½ 91	30	86¼	88¼	−0⅛	−2¼	11.78
Avco O/S Cap. 10¼ 87	40	97⅝	98⅛	+0⅛	+0⅝	10.65
Bayer Int. F. XW 7¼ 89	200	84⅞	84⅞	0	0	9.80
CECA 9¼ 84-99	50	95	95½	−0⅛	−0⅛	9.92
Canada 9 83	400	99⅛	99⅝	0	+0¼	9.38
Canada 9¼ 98	350	99	99½	−0⅛	+0⅝	9.55
Canadian Pacific 9¾ 89	50	98⅛	98⅞	−0⅛	0	9.97
Comalco Inv. E. 10¼ 91	40	99⅛	99¾	0	+0½	10.32
Dominion Bridge 10¼ 84	30	99½	100	+0⅛	+0½	10.31
Dow Chem. O/S 9⅝ 94	200	98⅛	98⅞	−0⅛	−0⅛	9.79
EIB 9⅝ 98	125	†94¾	95½	0	−0½	9.92
EIB 9¾ 88	150	99¾	100½	0	+0¼	9.82
EIB 9⅞ 99	100	100⅛	100⅞	−0⅛	+0¼	10.04
EIB 9⅞ 87	150	100¼	101⅛	−0⅛	+0⅛	9.92
EIB 10 99	150	101¼	101⅞	0	+0⅝	10.05
Export Dv. Cpn. 9.85 84	150	101	101½	−0⅛	+0⅛	9.69
Export Dv. Cpn. 9¾ 84	100	97⅝	98⅛	0	+0⅛	9.81
Eksportfinans 9 86	50	96	96½	0	+0⅛	9.73
Finland 9½ 86	100	97¾	98¼	0	+0¼	9.90
GTE Fin. 9½ 84	50	97⅝	98⅛	−0⅛	−0⅛	10.06
Gould Int. Fin. 9¾ 85	50	99⅛	99⅝	+0⅛	+0¼	9.87
Hospital O/S 9 83	25	96½	97	0	0	9.96
Hudson Bay Co. 10 94	50	100⅛	100⅞	−0⅛	−0⅛	9.90
Itel Finance 9¾ 90	30	†89	88½	0	−2¼	11.66
Itel Finance 10½ 93	40	†89	89½	0	−2⅞	12.13
ITT Antilles 9½ 89	75	96¾	97¼	0	−0⅛	9.98
Kennecott Int. 9½ 86	100	96¼	96¾	−0⅛	+0½	10.22
Manitoba 9½ 89	75	97⅛	97⅞	0	+0⅛	9.88
Nat. Des Telecm. 9½ 86	100	98⅛	98⅞	—	—	9.78
New Brunswick 9¾ 94	75	97⅝	97⅞	0	0	10.05
Newfoundland 10 94	50	99⅝	100⅛	0	0	10.00
Norsk Hydro 9¼ 94	50	95¼	95¾	−0⅛	+0⅛	9.83
Norway 9¾ 84	150	100½	101	−0⅛	0	9.77
Norway 9½ 84	150	98⅞	99⅛	−0⅛	+0¼	9.72
Nova Scotia Pwr. 9¾ 89	50	98	98½	−0⅛	+0⅛	10.03
Occidental Fin. 10¼ 84	50	99½	100	0	+0⅛	10.31
Orient Leasg. NV 9½ 86	25	†96⅞	97⅛	—	—	10.09
Pennwalt O/S F. 9¾ 84	25	98¾	99¼	−0⅛	+0⅛	10.01
Portland 10 84	50	97	97½	−0⅛	0	10.75
Quebec Hydro 10 99	75	96½	97	0	+0¼	10.39
Redland Fin. XW 9½ 91	25	92⅛	92⅞	0	0	10.63
Sears Roebuck 9 82	150	97⅞	98⅛	0	+0¼	9.80
Stockholm 9¾ 94	60	100⅛	100⅞	+0⅛	−0⅛	9.90
Sweden 9¾ 89	100	99¼	99¾	0	+0⅛	9.82
Sweden 9½ 86	200	99⅛	99⅞	0	+0⅛	9.80
U.S. Leasing Intl. 10 84	20	†96¾	97¼	+0⅛	−0¼	10.81

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 6½ 87	70	93½	94¼	0	+0⅛	6.55
Argentina 6½ 88	150	89¼	90	0	−0½	8.12
Argentina 7½ 89	150	94¼	95	+0⅛	−0⅛	8.32
Australia 6 88	250	95⅛	96⅞	+0⅛	+0⅛	6.67
Austria 5¾ 90	150	88⅞	89⅛	0	+0½	7.16
Banco Desarrollo 7¼ 86	100	95⅞	96⅛	0	−0⅛	8.01
Barclays O'seas 6¾ 89	100	97¼	98	0	0	7.09
Bq. Ext. Algerie 7¾ 85	100	95⅝	96⅛	+0¼	+0⅛	8.07
Brazil 7¼ 87	150	96⅝	97⅛	0	−0⅛	7.83
CECA 6 88	150	90⅝	91⅛	0	0	7.40
CECA 7 91	150	97⅞	98⅛	+0⅛	+0⅛	7.26
Copenhagen City 6 90	75	88	88⅞	−0⅛	−0⅛	7.56
Council of Eur. 6¾ 88	130	92⅛	92⅞	0	+0⅛	7.38
Council of Eur. 7⅛ 89	100	98⅛	98⅞	−0⅛	−0⅛	7.45
Denmark 5¾ 85	100	94	94¾	0	+0⅛	6.98
Denmark 6½ 89	100	93¼	94¼	0	+0⅛	7.39
EIB 6 90	300	89⅞	90⅝	0	0	7.29
EIB 6½ 91	200	92⅞	93⅛	0	−0⅛	7.38
EIB 7½ 89	200	101⅛	101½	+0⅛	+0⅛	7.30
Eletrobras-Brazil 7 87	100	94⅛	94⅞	0	−0⅛	7.96
Eurofima 6½ 89	100	98⅛	98⅞	0	+0⅛	6.67
Finland 6 83	150	98⅝	99⅛	+0⅛	+0⅛	6.25
Indonesia 7 84	100	96¼	96¾	0	0	7.83
Mogol Fin. 7 89	150	98⅛	99¼	−0⅛	+0⅛	7.16
Mitsubishi Chem. 6½ 84	70	100¼	100¾	−0⅛	−0⅛	6.40
New Zealand 6¾ 87	200	98⅛	98⅞	−0⅛	−0⅛	6.86
Nippon Kokan 6½ 84	100	99⅝	100⅛	0	0	6.65
Nippon Tel. & T. 6½ 87	100	92¼	93	+0⅛	+0⅛	6.77
Nordic Inv. Bk. 6½ 86	60	95⅛	96⅛	0	+0⅛	7.08
Norway 6¾ 84	200	100¼	100⅞	+0⅛	+0⅛	6.12
Occidental 6¾ 90	150	93⅞	94⅛	+0⅛	+0⅛	7.54
OKB 6½ 88	100	96¼	97	+0⅛	+0⅛	6.99
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	96	97	0	+0¼	[illegible]
Avco Fin. 10¼ 86 C$	25	96¼	97	0	+0¼	[illegible]
Ex. Dev. Cpn. 10 84 C$	50	99	99½	−0¼	+0¼	[illegible]
Fst. Can. Inv. 10 84 C$	50	98¼	99¼	0	+0¼	[illegible]
Hudson Bay 10½ 89 C$	60	99½	100	−0⅛	0	10.53
[illegible]						

SWISS FRANC STRAIGHTS [illegible]

YEN STRAIGHTS [illegible]

FLOATING RATE NOTES [illegible]

CONVERTIBLE BONDS [illegible]

Optimism at Total after price rises boost profits

BY TERRY DODSWORTH IN PARIS

THE FRENCH Total oil group, Compagnie Française des Pétroles, expects to improve profits yet again this year following the 1978 upturn from four years of negligible returns.

The turnround in the company's results began in the fourth quarter of last year when the increase in prices in the oil market began to feed through. In the first six months of this year, Total says that it has been able to absorb its increased costs in such a manner that it expects to see a positive increase in cash flow and profits.

But the group warned yesterday that changes in supply may also make it extremely difficult to supply the French home-heating market with sufficient fuel this winter.

The Government has already recognised the problems the oil companies face in this respect by recently adopting a policy of reducing home-heating supplies by 10 per cent this winter. Even so, Total has made it clear that it would enter the winter period with only modest stocks of home-heating oil. These may well be insufficient to supply all its needs given the legal reserve requirements and the difficulties in securing new supplies of crude oil.

The abrupt change in the oil market, which helped Total to a net group profit of FFr 451m ($100m) last year, coincides with the company's moves to create a more diversified and integrated business.

M. Rene Granier-de Lilliac, the head of Total, stressed yesterday that such integrated organisations, combining crude oil production with refining and distribution, were necessary to ensure secure supplies. For this reason, the group intends to raise the level of investment this year from the relatively low amount (FFr 3.06bn) reached in 1978 following the completion of investment programmes in the North Sea.

A considerable proportion of this investment will go into new conversion facilities designed mainly to accommodate the drift in consumption towards "light" refined products. Total expects the petrol market to continue to grow at between 2 and 2.5 per cent a year, while the heavy oil market will be undercut by the conversion of electricity production from oil to nuclear fuel.

At the same time, there is growing demand for diesel fuel, both for vehicles and home heating, which will demand new production facilities.

The rest of the investment programme will be dedicated to environmental requirements for improved emissions, and to energy economy programmes within the group.

Total emphasises that its diversification policy is already bearing fruit, with the Frigg field entering its second phase of production, further work in Indonesia, and an increase of supplies from Algeria.

The group has also acquired additional rights in Algeria, Egypt, the Cameroons, the Philippines, and Argentina, and has started producing coal in South Africa.

Saab car losses expected to end

BY VICTOR KAYFETZ IN STOCKHOLM

WHEN SWEDEN'S Saab late last week announced final agreement with Italy's Fiat on a collaboration programme for developing and manufacturing common components for the Saab and Lancia passenger cars, the company was careful to stress that the pact would not lead to the formation of any jointly owned company or other form of merger.

At the same time the deal does not exclude co-operation with other parties. The various models of both Saab and Lancia Automobiles will be kept separate and the two makes will retain distinct identities, the Swedish company added.

According to respected Swedish economic analysts, some of whom had speculated that Saab and Lancia are planning to launch a common car model during the 1980s, Saab-Scania's sales figures for the first four months of 1979 indicate that the newly-launched Saab 900 turbo, which sells for a higher price than other Saab cars, has made an international sales breakthrough that may pull the group's Saab passenger car division out of the red during 1979.

Saab-Scania does not publish separate profit figures for its divisions but the analysts believe that the car division lost at least SKr 100m in 1978 while Scania trucks returned a very large profit. Group pre-tax earnings last year were SKr 530m ($124m) on a turnover of SKr 11.64bn ($2.72bn).

The group has reported that pre-tax profit during the first four months of 1979 amounted to SKr 236m, more than twice the SKr 102m recorded for the period last year. The improvement was "mainly attributable to higher capacity utilisation both within Scania and Saab passenger cars."

Mr. Sten Gustafsson, Saab-Scania group managing director repeats his earlier forecast that pre-tax profit will grow at at a more rapid pace than sales throughout 1979.

Montedison to cut back in U.S.

By Maurice Samuelson

MONTEDISON, the loss-making Italian chemicals and fibres concern, will sell some of its major assets in the U.S. and become a mainly European-based company in its bid for financial recovery.

Dr. Luigi Craici, head of Montedison's economic and strategic studies department, said in London that as part of its three-year reconstruction programme, due to end in 1980, it would reduce its interests in the U.S. Since its U.S. patents had been confirmed, its first reason for being there had "disappeared," according to Dr. Craici.

This year, the company hoped to sell off more of its holdings in non-chemical activities, where its "fundamental strategic interests" were not involved.

Two weeks ago, Montedison sold its 65 per cent stake in Fingest, a holding company, for £62m ($131m). It has also revalued other assets, including hydroelectric and thermoelectric power plants, whose "real value" was £237m.

Dr. Vieri Poggiali, Montedison's information director, predicted that while a slight loss would be suffered in 1980, it should again be profitable in 1981. Besides withdrawing from non-profitable sectors, the company pinned its hopes on more efficient management and on concentration in chemicals.

In the first five months of this year, Montedison's consolidated sales rose by 25 per cent to L2,821bn ($3.39bn).

Usinor in talks over Belgian plant purchase

BY OUR PARIS STAFF

A FURTHER step in the rationalisation of the French and Belgian steelmaking industries is expected within the next few weeks with the acquisition by Usinor of Cockerill's Rehon plant in Lorraine.

Negotiations on the deal are now well advanced between the companies. Its effect would be to give Usinor, the leading French group, control of all the significant steelmaking facilities in the Longwy valley in Lorraine where it faces the most difficult of its reorganisation tasks.

It is not yet clear how Usinor will finance the deal. The French company is losing money and is not expecting to break even for about two years as it pushes through its big redundancy and restructuring programme. It is possible that Cockerill, the largest Belgian company, will be given a stake in Usinor rather than cash.

The Rehon works make narrow strip products which fit in with Usinor's own strip activities and the general policy of pushing the French group towards more finished products. Capacity of the factory is about 850,000 tonnes a year, and it is claimed to have been one of the more profitable units during the steel industry crisis.

Astra plans disposal of farm equipment company

BY OUR STOCKHOLM CORRESPONDENT

ASTRA, the Swedish pharmaceutial group, plans to sell its small animal and plant nutrition subsidiary, Astra-Ewos, to Sweden's Alfa-Laval, which makes equipment for farms, dairies, food-processing plants and other industrial users. The transfer, for an undisclosed sum, takes effect on September 1. Astra will retain a minority interest and some research collaboration with Ewos.

Astra, which expects pre-tax profit in the range of SKr 150m ($35m) on 1979 turnover of about SKr 2bn ($467m), last year disposed of three other subsidiaries, the sales of which totalled about SKr 300m and which made rust prevention systems, consumer hygienic products and skiing equipment, respectively. This was part of a continuing strategy of concentrating group resources on pharmaceuticals following recent international sales breakthroughs for Astra's new cardio-vascular and anti-asthma drugs.

Astra-Ewos with 200 employees had a turnover of SKr 118m last year, 55 per cent in Sweden and the rest mainly in other Nordic countries and Britain.

Siber Hegner maintains payout

BY JOHN WICKS IN ZURICH

CONSOLIDATED GROUP turnover of the international trading concern Siber Hegner fell by 23.1 per cent last year to SwFr 777m ($469m). This was due partly to the higher Swiss franc exchange rate — at unaltered parities, the drop would have been of only 6.8 per cent — and partly to unfavourable conditions.

Industrial raw material turnover dropped by SwFr 87m over the year to SwFr 393m. Smaller rates of decline, of 4 and 13.7 per cent, respectively, were booked for trade in consumer products (SwFr 265m) and technical products (SwFr 119m).

The parent company, Siber Hegner Holdings, of Zurich, was able, despite the fall in Swiss franc sales, to show a slightly increased net profit for the financial year ended March 31 of SwFr 2.07m ($1.25m), from which it intends to pay an unchanged 15 per cent dividend.

For 1979, business, according to the company, is particularly encouraging in the field of industrial raw materials. The group management expects measures taken last year to improve profitability levels of subsidiaries in this sector, especially those in difficulties in 1978, and in the division as a whole.

Over the past years, the share of consumer products business in the group's operations has been increasing. Siber Hegner expects a declaration of a dividend by the Swiss SSIH watch group, in which it has a 36 per cent stake and whose products it markets in Switzerland, Japan and Korea.

In future, Siber Hegner is limiting its sales activities to Europe and Asia. The small subsidiary in New York, Siber Hegner & Co., has been closed down, while Siber Hegner Machinery has been moved from New York to Chicago, where it will act as a purchasing company for U.S. technical products for sale in Europe and Asia. The Noumea-based subsidiary Siber Hegner Nouvelle-Caledonie S.A. is to be sold.

At the same time, the group has set up operations in Singapore and Malaysia and has, after an 18-year absence, returned to China, where it has a permanent office. This is initially based in the Peking Hotel and is intended to build up trade relations with China.

* * *

THE MARKED appreciation of the Swiss franc led to an 8 per cent decline in the turnover of subsidiaries of Siemens Beteiligungen AG of Zurich, the Siemens business year ended September 30. The company, which acts as a holding concern for 39 non-German members of the Siemens group, recorded a fall in group sales from SwFr 6.81bn to SwFr 6.25bn ($3.79bn) for the period although local currency turnover improved by 12 per cent. New order value went up 15 per cent in terms of local currencies but fell by 5 per cent in those of Swiss francs from SwFr 7bn to SwFr 6.61bn.

For the same period, complete world turnover of the Siemens group increased from DM 25.2bn to DM 29bn ($15.77bn) due to inclusion for the first time of sales of Kraftwerk Union. Without these, Siemens world turnover would have risen by 5 per cent to DM 23.9bn.

For the holding company's own business year, which ended on March 31, 1979, net profits of the Zurich undertaking fell from SwFr 21.1m to SwFr 20.6m. The board foresees distribution of a dividend of SwFr 16 per share on unchanged capital of SwFr 222.5m.

Earnings from participations rose from SwFr 34.5m to SwFr 41.9m in 1978/79, though this increase was more than offset by higher holding company expenditure. A sum of SwFr 18.4m went on capital increases of subsidiaries in Finland, Norway, Austria, Spain and Brazil, bringing total book value of subsidiaries to SwFr 529m after depreciations of SwFr 18.7m.

Banks rally to help Beneficial Finance of Australia

BY JOHN ROGERS IN SYDNEY

THE BANK shareholders in the troubled South Australian-based financier, Beneficial Finance Corporation yesterday closed ranks behind the Board in the form of an undertaking to absorb 80 per cent of any shortfall in the company's one-for-three non-renounceable rights issue. With the financier plagued by a balance sheet top heavy in problem property loans and the shares struggling to stay above their 50 cents parity, a large undersubscription could be expected.

However with shareholders, the Bank of Tokyo (16.4 per cent), the International Bank of Detroit (10 per cent), the State Bank of South Australia (8.2 per cent) and the Rural Bank of NSW (4.6 per cent) all signalling their intention not only to take up their entitlement, but also virtually to underwrite the remainder of the A$7.7m issue, renewed confidence may not only be seen in the stock but also in the subscription list to its latest public debenture offer.

In addition, the Bank of Tokyo and the Bank of Detroit will more than double their credit facilities to Beneficial over the next three years, from U.S. $30m to U.S.$ 42m, and from U.S.$ 10m to U.S.$ 25m, respectively.

If the banks are called on to support Beneficial's issue to the hilt, the financier will then become over 50 per cent owned by them—something to which the Board did not seem unduly adverse yesterday.

The issue comes in two forms. A straight one-for-three on August 1 or a one-for-three on a deferred delivery basis, which can be converted in three years to three ordinary shares for every two deferred shares. As a result of the wider capital base, directors propose to reduce the total dividend rate in the current year, although a new level has not yet been decided on. However, the November interim payout will be cut from 3.25 cents to 2 cents a share. New shares will not participate.

On top of taking up its entitlement, the State Bank of South Australia will subscribe to a special placement of an A$500,000 convertible unsecured notes carrying an interest rate of 11.5 per cent. Upon maturity —after September, 1980—the bank intends to convert the notes, lifting its equity stake.

Commenting yesterday, Beneficial director said that the interim announcement had been made "in order to stem further speculative comment in the light of the publicity-known problems of ASL and the Bank of Adelaide/FCA."

Share issue by Paper Products

By Wong Sulong in Kuala Lumpur

PAPER PRODUCTS, the largest Malaysian paper manufacturer, is offering 4.5m shares of one ringgit each to Bumiputras (Malays) in line with the Government's New Economic Policy.

The share issue will bring the company's paid-up capital to 17m ringgit (U.S.$8.8m). Of the issue, 10 per cent, or 450,000 shares, are to be reserved for its Malay employees, 3m shares for Bumiputras and Bumiputra institutions approved by the Ministry of Trade and Industry, and 1.05m shares for other Bumiputras.

The shares are being sold at the one ringgit par value, although they closed at 1.31 ringgit on the Kuala Lumpur Stock Exchange last Friday.

In the prospectus, Paper Products said that it expected to make a pre-tax profit of not less than 4.4m ringgit ($2.02m) this year, and promised a 10 per cent dividend on the new paid-up capital. Last year, the company made a pre-tax profit of 3.4m ringgit.

Meanwhile, Malaysian Plantations Berhad (MPB) is seeking a listing on the Kuala Lumpur Exchange. As part of conditions, imposed by the Government, it is to issue 11.2m of one ringgit each to Bumiputras at a later stage, which would bring its paid-up capital to 60m ringgit.

The price of the shares would be fixed at the time of the issue with the Malaysian authorities. MPB said the issue represented 15 per cent of the company's equity, and it intended to increase the Bumiputra holding to 30 per cent by 1985.

MPB was set up to take over the Malaysian interests of Plantation Holdings, of the UK, to be dissolved once its British and European interests are transferred to a new company, Phicom, listed on the London exchange.

MPB said that its pre-tax profits this year were estimated to be not less than 14m ringgits ($6.4m), compared with 12.1m ringgit last year. It expects to pay a dividend of 18 per cent.

Multi-Purpose Holdings, the Malaysian group controlled by leaders of the Malaysian Chinese Association, has a 65 per cent equity stake in Plantation Holdings.

Boycott hits Malaysian Tobacco

By Our Kuala Lumpur Correspondent

INTERIM PROFITS of Malaysian Tobacco Company were adversely affected by a boycott of the company's cigarettes by the Chinese in North Malaysia.

The company said that its pre-tax profits for the six months to March fell by 5 per cent to 27.7m ringgit ($12.7m). Turnover was 3.7 per cent higher, at 261m ringgit.

In mid-February, there were rumours in north Malaysia that the company had refused to contribute to the Merdeka University fund and this lead to a boycott of its cigarettes by the Chinese—who are fighting for the Government to allow them to set up their own university.

The proposed Merdeka University is one of the most sensitive issues which had split the Malays and Chinese into opposing camps. Malaysian Tobacco Company had strongly denied the rumours, and said that it had never been approached for donations by the Merdeka University sponsors.

It said that recent market indications showed sales were gradually recovering, and added that its full year's results should be not substantially different from those of the previous year, if this trend was maintained.

Smurfit withdraws offer for Penfolds Holdings

BY OUR SYDNEY CORRESPONDENT

JEFFERSON SMURFIT, the Irish paper and packaging group, has finally sounded the retreat on its Australian invasion with the announcement yesterday that it had dropped its A$15.7m (U.S.$17.7m) takeover for the Sydney-based packaging and stationery group W. C. Penfolds Holdings, four months after the initial approach.

Representatives of Smurfit said profit expectations of the Penfolds group had not been substantiated in the latest year to June 30 and the company had no alternative but to withdraw its offer. A hint that all was not well with the pending merger was given three weeks ago when both companies announced that a "certain matter" still had to be settled after the foreign investment review board had given them its blessing after two months deliberation.

W. C. Penfolds' directors were quick to point out yesterday that although the results for the year would be below budget, they would be substantially in line with last year's results. With no other suitor in sight, the Penfold family—which controls 50 per cent of the group and stood to gain handsomely from the A$7 a share bid—will now have to reverse its original plan. This included buying out the group's retail division which would have left Smurfit with the printing and packaging arms.

A Smurfit spokesman denied that the deal had been shelved because of funding commitments in the U.S. Smurfit announced last Thursday that it was lifting its stake in Alton Box Board Company from 27 per cent to 51 per cent through a tender offer at US$22 a share. He added that Smurfit was still interested in entering the Australian market.

Setback for Keppel shipyard

BY GEORGIE LEE IN SINGAPORE

KEPPEL SHIPYARD, the Singapore Government-owned group suffered an 85 per cent setback in group pretax profit for the year ended December, 1978 to S$5.9m (U.S.$2.7m).

With tax provisions declining by only 40 per cent to S$6.5m, Keppel made a loss of S$331,000 at the post-tax level.

Despite the decline in profit, Keppel has decided to maintain its final gross dividend payment at 15 per cent.

However, the downturn in profit at the parent company, which is involved in ship-repairing only, was less severe.

Pre-tax profit for the parent was down by 29 per cent to S$9.3m, while turnover fell by only 5 per cent.

Keppel said that the smaller decline in turnover compared with the drop in profit was a clear indication of the extent and severity of the squeeze on profit margins. It also substantiated the Salvage Association's report that ship-repair prices in Singapore dropped drastically, by some 17 per cent, in 1978.

On a more cheerful note, Keppel said that it had slightly improved on its position in the Singapore market. Of the total value of work done by the major yards in the Republic, Keppel's share was about 26 per cent.

In the shipbuilding sector, Keppel's subsidiaries had sustained serious losses.

Its offshore equipment and rig-building subsidiary, Far East Levingston sustained a loss of S$3.8m, while another shipbuilding subsidiary, Singapore Slipway, reported a loss of S$3.1m on the completion of part of an order in 1978 for 12 mini-bulk carriers.

Singapore Slipway has made a provision for a further loss, amounting to S$5.2m expected to be suffered on the remaining vessels under construction.

However, Keppel suggested that the worst might be over and that an upturn had begun to take place.

WORLD STOCK MARKETS

Early 8.2 fall on Wall St. on oil worries

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—27% (30¼%)
Effective $2.1885 6¼% (9¼%)

AS INVESTORS continued to worry about energy and oil prices, Wall Street retreated sharply across a wide front yesterday morning in fairly active dealings.

The Dow Jones Industrial Average was down 8.19 to 833.79 at 1 pm, while the NYSE All Common Index sustained a fall of 47 cents at $57.91. Declining issues outscored advances by about a three-to-one ratio and turnover came to 21.72m shares compared with last Friday's 1 pm level of 24.78m.

Closing prices and market reports were not available for this edition.

The decline came despite the announcement from Saudi Arabia that it has decided to increase its crude oil production.

Analysts said Libyan leader Muammar Gaddafi's recent statements about stopping Libyan oil exports underlines U.S. vulnerability to the actions of the oil-producing countries.

Also, President Carter stated that the latest OPEC price rises make a recession in the U.S. much more likely. Analysts, however, were divided on the impact this statement had on the market.

Energy issues were mostly fractionally lower, including Amerada Hess, Mobil, Exxon, Standard Oil of Indiana, Standard Oil of California, Texaco and Gulf. Atlantic Richfield slipped $1 to $66½.

However, Charter Company picked up $1 to $30, Standard Oil of Ohio 1½ to $56 and Occidental Petroleum ½ to $22¾.

Among take-over situations, Harnischfeger fell 5¼ to $19¾. The company said a preliminary injunction granted to halt Paccar's proposed tender offer for Harnischfeger may mean the end of the Paccar bid.

Paccar on the over-the-counter market, eased to $48½ bid, $49¾ offered from $48¾ bid, $49¾ offered at the close on Friday.

Pittsburgh Forgings gained $4 to $36. Ampco-Pittsburgh, up 1½ at $18½, said that it will make a tender offer for Pittsburgh Gorgings at $38 a share.

Parker Drilling, which reported lower profits for the third quarter, lost 2¾ to $29¾.

THE AMERICAN SE Market Value Index relinquished 1.24 to 199.52 at 1 pm on volume of 2.25m shares (2.88m).

Canada

Markets were closed yesterday for the Dominion Day holiday.

Tokyo

After a firm Saturday half-day session, stocks closed mixed to higher yesterday following a fairly active business.

The Nikkei-Dow Jones Average hardened 10.02 more to 6,283.14 and the Tokyo SE index edged up 0.26 to 447.60, while volume on the First Market section reached 360m shares.

Large-capital issues attracted support. Toshiba gained Y6 to Y154 on good earnings prospects, while Mitsubishi Electric put on Y3 to Y183, Mitsubishi Heavy Industries Y5 to Y170 and Nippon Kokan Y3 to Y120.

Bearing Manufacturers rose on reports that General Motors, of the U.S., has offered to buy bearings from Nippon Seiko on a long-term basis. Nippon Seiko moved sharply ahead in the morning, but subsequent profit-taking left a gain of only Y1 on the day at Y261. Oyo Seiko climbed Y13 to Y179.

Chemicals, Stainless Steels and Constructions also scored gains, but Oils, Coals, Shipping Lines and export-orientated issues were inclined to decline on profit-taking and other liquidations.

Honda Motors retreated Y16 to Y543 and Toyota Motor Y10 to Y880, while Sony lost Y50 to Y2,040 and TDK Electronic Y20 to Y1,780.

Arabian Oil shed Y250 to Y4,300 after reports that it will cut its crude oil supply to Japanese refiners by 15 per cent from this month.

Germany

After a weak opening, stocks tended to pick up in quiet trading with a number of leading issues finishing with reasonable gains on the day. However, the Commerzbank index recorded a net less of 5.7 at 722.2.

Dealers attributed the early weakness to concern about the recent oil price rises announced at Geneva and fears of fresh surcharge announcements. Traders seemed somewhat surprised by the later improvement and said this was mainly due to foreign buying.

The recovery was of mixed proportions, but with Electricals and Machines scoring broad gains. Siemens finished DM 1.70 higher, while KHD put on DM 3 and Mannesmann DM 2.

Among Motors, BMW gained DM 2 and Volkswagen DM 1.50, while Chemicals had BASF up DM 1.70.

In the Stores sector, however, Neckermann ended DM 4 down and Karstadt off DM 2.

On the Domestic Bond Market, Public Authority issues showed gains to 15 pfennigs but also some losses ranging to 20 pfennigs. The Bundesbank sold DM 10.6m nominal of paper after sales of DM 15.1m last Friday.

Paris

Bourse prices displayed a slight bias to lower levels in slow trading.

Brokers said the raising of the Call Money rate by ¼ of a point to 8½ per cent was partly responsible for sapping sentiment, while also making investors hesitant was the weakness of the dollar during the morning coupled with

COMMODITIES AND AGRICULTURE

Supplies of wheat adequate

By Our Commodities Staff

WORLD WHEAT supplies should be adequate in the 1979/80 season despite an expected 7 per cent cut in the harvest, the International Wheat Council said yesterday.

In its latest report the IWC forecasts world wheat supplies at 400-410m tonnes in the current season compared with 441.7m in 1978/79. Consumption in 1979/80 is projected at about 420m tonnes.

Most of the predicted production cut is expected in western and eastern Europe, where stocks will be high following the bumper 1978 crop. These stocks should enable producers to meet trade volume forecast at 71-77m tonnes against 71m last year, the IWC said.

There are doubts, however, about the projected trade increase. The ability of some exporters to ship the extra quantities appears to be in question and the report says most of the forecast increase would have to come from the U.S. where wheat and coarse grain exports are projected at about 100m tonnes, which would set a new record.

But fuel difficulties could hinder U.S. exports, the IWC warned.

Rising wheat prices and oil-induced increases in transport costs may cause some countries, especially non-oil producers, to reduce their wheat imports.

The report noted, however, that in similar circumstances in the mid-1970s, when high prices cut food aid availability, many developing countries increased their commercial purchases.

Even if world trade does increase as forecast, wheat stocks should not fall to abnormally low levels. The report put 1979/80 carry-over stocks at 38m-53m tonnes against 54.7m a year earlier.

Meanwhile the Home Grown Cereals Authority said the Ministry of Agriculture still estimates UK cereal production at 17.1m tonnes in the 1978-79 crop year.

Potato duty cut welcomed

By Our Own Correspondent

CYPRIOT GOVERNMENT officials have welcomed the EEC's decision to grant a 55 per cent reduction in the common customs tariff for 80,000 tonnes of Cyprus potatoes shipped to Common Market countries (mainly the UK) from May 16 to June 30.

Heavy falls in London copper and tin prices

BY JOHN EDWARDS, COMMODITIES EDITOR

THE RISE in the value of sterling and pessimism about future demand prospects, brought a general fall in values on the London Metal Exchange yesterday.

Copper was badly hit, with cash wirebars losing £37 to £800.5 a tonne, a far cry from the peak of more than £1,000 reached in March.

In active trading the market was undermined by heavy selling, both by the trade and by speculators disposing of previous purchases.

For the moment confidence in the market is at a low ebb, as a result of the downtrend in New York and lack of consumer buying interest. Penzoil U.S. copper subsidiary of Duval Mining last night cut its domestic price by 6 cents to 84 cents a lb, following the cut to 86 cents announced by Phelps Dodge last week.

Tin prices also fell yesterday. Firmer sterling and more available supplies, and a rise in warehouse stocks, brought the cash price down by £175 to £7,470 a tonne. This followed a fall of £315 on Friday—first indications of an easing in the supply squeeze that recently brought a sharp upsurge in the market.

The three months tin price also fell yesterday, closing £102.5 lower at £6,995 a tonne. The market was under pressure from the rise in sterling and an almost complete lack of buying interest at one stage.

Lead, which normally follows copper, remained remarkably steady with the cash price closing only £6 down at £608 a tonne. This was particularly surprising since the rise in warehouse stocks was much larger than market forecasts.

Underpinning the market was the rise of three cents to 58 cents a lb in U.S. domestic prices announced by several North American lead producers, and the continued cutback in July deliveries by Asarco. Zinc was steady in quiet trading conditions, aided by buying from one quarter, often associated with producer support operations.

Aluminimum too was only marginally lower, following the trend in copper, but nickel fell heavily with the three months quotation losing £232.5 to close at £2,535 a tonne.

In New York Handy and Harman, the big U.S. silver refiners, said that three of its precious metal processing and fabrication plants had been hit by strikes called by the United Steelworkers union. The company said it was too early to predict the length or effects of the strike.

It will try to service customers by various alternative arrangements. Three other precious metal plants are not affected by the stoppage.

Silver holdings in London Metal Exchange warehouses last week fell by 310,000 to 18,940,000 oz. Other warehouse stocks changes: Copper down by 3,750 to 193,825 tonnes; tin up by 250 to 2,050 tonnes; lead up by 1,700 to 20,550; zinc fell by 2,475 to 63,575 tonnes and aluminium fell by 950 to 23,625 tonnes.

Cut in NZ butter levy likely

BY MARGARET VAN HATTEM IN BRUSSELS

THE EEC's Dairy Management Committee is expected at its meeting on Thursday to cut the special import levy on New Zealand butter, in line with decisions taken at the farm price review earlier this month.

EEC Commission officials said yesterday that the matter had not been put to the vote at last Thursday's meeting because the opposition from several butter-producing member states might have proved insurmountable at that time.

However, following a strongly-worded telegram of protest from Mr. Peter Walker the UK Agriculture Minister to Mr. Fin Gundelach, the farm commissioner, the officials said the Commission was trying to persuade other EEC delegations to agree to the cuts.

Under a provision in Britain's Treaty of Accession to the EEC, New Zealand is permitted to sell 120,800 tonnes of butter a year on the UK market, subject to a special import levy. However, the New Zealanders have been selling little more than half their quota because, they say, the levy is currently too high for them to be able to compete with suppliers in France, Denmark, Ireland and Holland.

At the farm price review in Luxembourg two weeks ago, Farm Ministers agreed that the UK butter subsidy of 38 units of account/100 Kg to be introduced on July 2, should apply to New Zealand butter. But this has been delayed by the failure of last week's management committee meeting to decide on cuts in the import levy, aimed at making New Zealand butter more competitive.

Our commodities staff adds: Mr. Walker has persuaded the UK Treasury to underwrite a countervailing cut in the New Zealand butter price in British shops.

Farm deal worth £34m

BY OUR COMMODITIES STAFF

BRITAIN WILL have a net benefit of £34m from the EEC farm price package negotiated in Luxembourg last month, Mr. Peter Walker, Minister of Agriculture, stated in a written reply to a Parliamentary question yesterday.

He said figures given by the EEC Commission showed that the 1.5 per cent price increase, changes in green currency rates, increases in the milk powder and butter subsidies and other changes in the milk and fruit and vegetables sectors resulted in a £298m addition to the total farm budget.

Britain's share of this is 16.5 per cent or £49m but after taking account of the butter subsidy (£65m), the school milk subsidy (£4m) and extra receipts due to the Green Pound devaluation (£14m) the net result for Britain is a benefit of £34m, Mr. Walker said.

Colombia warns on coffee pact

By Our Commodities Editor

COFFEE PRODUCING countries would be forced to defend their economies if consumers did not participate in price stabilisation measures, Dr. Turbay Ayala, President of the Colombian Republic warned in London yesterday.

The Colombian president said that if consumers continued to consider it better to leave matters to the law of supply and demand the producing countries must conclude that they were not really interested in an international agreement.

Dr. Turbay Ayala said that Unctad was not a suitable forum for discussions on stock policy, which was the key to price stability. Individual commodity agreements were the cornerstone for co-operation between developed and developing countries.

The President said the time was ripe for the adoption of long-term policies. The recent frost in Brazil had affected an area hitherto frost-free, and the fact that it occurred in May raised the disturbing possibility of the frost striking again.

Because of the impetus of production provided by the rise in prices, producers could soon find themselves with a lack of adequate instruments for dealing with an excess supply of coffee.

● Coffee futures fell in London and New York yesterday, following reports of warmer weather in Brazil.

Cocoa prices also fell sharply, as a result of the stronger tone in sterling and reports that the new Ghanaian military regime had ceased executions. The September position on the futures market closed £49.5 lower at £1,596 a tonne.

Molybdenum prices rise

By Our Commodities Staff

TWO U.S. companies have raised their prices for molybdenum products.

Amax Inc. announced in Greenwich, Connecticut, yesterday that it was lifting its domestic prices by 2.3 per cent with immediate effect.

This followed news on Saturday of increases by Duval Sales Corporation. Duval raised domestic prices by $1.30 a pound, and export prices by $0.70 a pound, effective yesterday.

ROYAL SHOW

New deal for farm and food urged

BY CHRISTOPHER PARKES

FARMING AND the food processing industries should stop dealing with one another at arm's length in an atmosphere of distrust, Sir Hector Laing, chairman of United Biscuits, said at the Royal Show, Stoneleigh, Warwickshire, yesterday.

Calling for a "new deal" in relationships between the two industries, he also demanded that the UK should work to try to implement a common food policy, rather than an exclusively agricultural policy.

The new deal would bring a better understanding of costs and necessary margins in the two allied industries.

"The processor is not just a nuisance on the fringe of the farmer's world. He is the farmer's most important customer," Sir Hector said.

He urged farmers to work harder at marketing their produce. Since the UK had never been self-sufficient in food, growers had always found a ready market for all their output. But now Britain was in the European Community there was an urgent need for a change of attitude to combat competition from abroad, Sir Hector added.

"It is no longer enough to be highly efficient producers. It is obviously absurd to go on producing more of those foodstuffs already in surplus at prices higher than people inside the Community or outside it want to pay," he said.

Mr. Peter Walker, Minister of Agriculture, said that in two or three weeks he would announce the names of a four-man team charged with investigating and advising on the marketing of farm produce and food in Britain.

Ruling out officials of the farmers' unions and consumers associations for the job, he said he was looking for "totally objective and critical" investigators with "original and lively minds." He hoped they would start a sharp and vigorous dialogue throughout the industry.

Mr. Walker added that he hoped to avoid fuel rationing or quotas for farmers at harvest time.

He had asked for predictions when demand for diesel and petrol was likely to be at its peak, and hoped the Department of Energy would continue to help to iron out difficulties as they arose.

The Ministry of Agriculture and the Department of Energy had already coped with hundreds of problems with local shortages, he said.

Farmers' reports are now being passed from the regions to the Department of Energy which then locates supplies of fuel and passes information back to the farmers.

● John Cherrington, OBE, Financial Times Agriculture Correspondent, was yesterday named Agricultural Communicator of the Year at the Royal Show, Stoneleigh, Warwickshire.

"His critical appreciation and analysis of wide-ranging aspects of the industry, coupled with the provocative and fearless comment of the yeoman farmer, which he still is, qualify him pre-eminently," the citation said.

Mr. Cherrington commented: "For someone who has ground his axe for so many years and been paid for it I think it's a little bit de trop."

Animal feed expansion

THE BIGGEST animal feed company in Britain, BOCM Silcock, is to spend £10m on expansion projects aimed at boosting output by 250,000 tonnes a year.

The new investment, which complements a £30m spending in the past six years, was "just the beginning" of a new phase of growth Mr. Chris Jemmett, company chairman said at the Royal Show, Stoneleigh yesterday.

Two new bulk feed mills are to be built at Penrith, Cumbria, and Bicester, Oxon., each with an annual capacity of 75,000 tonnes.

Output at the newly acquired Bradfords Mill at Crewkerne will be more than doubled to 65,000 tonnes. And new plant will boost production in four of the group's existing factories.

The new capacity will boost the Unilever subsidiary's total number of factories to 20.

The projects continue the company's long-term policy of moving new capacity away from the ports inland and closer to home produced supplies of grain and other raw materials.

"With transport costs now rocketing, the move to the country has proved to have made sound sense," Mr. Jemmett said.

He said the new works would be even more efficient than recently opened factories at Chilton and Aylesford where production per worker is 4,000 tonnes a year compared with 1,000 tonnes at the old port mills.

Australia optimistic over meat exports

BY RICHARD MOONEY

AUSTRALIA still hopes to win significant access for its meat products into the Common Market, Mr. Geoff. Jones, chairman of the Australian Meat and Livestock Corporation said in London yesterday.

Mr. Jones, who was completing a six-week European tour, said he did not have "much joy" in his talks with the EEC Commission, but he saw the allotment of an extra import quota for 5,000 tonnes of quality beef cuts as opening "a crack in the door" which Australia will try to push wider.

He said before Britain joined the Community Australia used to send 100,000 tonnes of meat to the UK annually. Last year the total was only 12,000 tonnes.

Meat exports to Pacific Basin countries had risen dramatically, however, reaching around 600,000 tonnes last year. This year exports to the U.S. were likely to amount to 400,000 tonnes, with 30,000 tonnes going to Canada, Mr. Jones said.

Mr. Jones did not see a major expansion in the national herd.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Sharply lower on the London Metal Exchange with sentiment depressed. The liquidation of long positions, heavy trade selling from one quarter and the firmness of sterling all contributed to push the market down. After opening steadily between £851 and £855, forward metal's downward movement set in and there was especially heavy trading around £820. The close on the kerb was £815 after a very active day. Turnover 24,525 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	817.5-8.5	-23.5	800-5	-37
3 months	833-4	-28.5	821-2	-35½
Settl'm'nt	818.5	-23.5		
Cathodes				
Cash	793.5-4	-30½	780-1	-38
3 months	813-4	-30½	803-4	-34.5
Settl'm'nt	794	-31		
U.S. Smt.			*88-92.5	

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £820, 19, three months £842, 40, 38, 39, 40, 39, 38, 39, 38, 38.5, 38, 37, 38, 37, 36, 35, 34. Cathodes cash £795, three months £815, 14. Kerb: Wirebars three months £833, 32, 30, 29, 30, 29, 28, 29. Afternoon: Wirebars three months £822, 23, 22.1, 21.5, 21, 20.5, 20, 19, 20, 21, 20.5, 22, 21, 22, 23, 22, 23, 22.5, 22. Cathodes three months £803. Kerb: Wirebars three months £821, 20, 19, 18, 17, 18, 15, 13, 14, 15.

TIN—Weaker in active conditions despite a steady start at £7,080. In the morning rings there were few buyers and the forward price was initially depressed by the strength of sterling and a stocks increase. When it went through £7,050 stop-loss buying came out, causing a fall to £6,950. At the lower level physical business emerged and there was a recovery to £7,000 before a close on the kerb of £6,980. Turnover 1,520 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7260-80	-320	7460-80	-175
3 months	6960-70	-160	6990-7010	-97.5
Settlem't	7260	-330	—	
Standard				
Cash	7250-60	-326	7460-80	-175
3 months	6960-70	-157	6990-7000	-102
Settlem't	7260	-330	—	
Straits E.	$1975	-18	—	
New York	—		—	

Morning: Standard cash £7,500, 7,350, 40, 7,270, 80, 7,280. Three months £7,030, 20, 10, 6,980, 70, 50, 65, 70, 60, 50, 60, 65. Kerb: Standard three months £6,970, 65, 50, 40. Afternoon: Standard cash £7,280, 90, three months £6,950, 45, 60, 80, 90. Kerb: Standard three months £6,970.

LEAD—Steady after an initial fall on news of the stocks increase when forward metal went from £584 to just above £570. The price then held steady, helped by trade covering around £573-£574 and closed on the kerb at £572. Turnover 8,200 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	608-9	+5	607-9	-6
3 months	576-.5	-5.25	573-4	-8
Sett'ment	609	-5	—	
U.S. Spot			*54-8	

Morning: cash £609, 8, three months £575, 74, 73, 75, 74, 73, 75, 73, 74, 76, 76.5. Kerb: three months £573, 75. Afternoon: cash £608, three months £572, 71, 72, 74, 73, 72.5, 73, 72, 74, 76. Kerb: three months £571, 72, 73.

ZINC—Lower but featureless, influenced by other markets. After starting at £348-£349, forward metal slipped to a close on the kerb of £343. Turnover 7,700 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Cash	332.5-3.5	-5.1½	331-3	-3
3 months	344-.5	-6	343-4	-4
S'ment	333.5	-5.75		
Prim. west			*39.5	

Morning: three months £348, 47, 48, 47, 46, 44, 45, 44.5. Afternoon: three months £341, 40, 41, 43.

ALUMINIUM—Easier in quiet trading influenced by the fall in copper. Forward metal started at £707 and closed on the kerb at £693. Turnover 5,750 tonnes.

Alumin'm	a.m. Official	†+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Spot	699-700	-6.5	696-7	-9.5
3 months	700-1	-8.25	696-7	-12

Morning: cash £700, three months £700, 698, 700, 701, 2, 699, 99.5, 700, 1, 700. Kerb: three months £697. Afternoon: cash £695, three months £693, 94, 96. Kerb: cash £693, three months £693.

NICKEL—Lost ground in line with copper against the background of sterling's strength. The first trade was £2,740 but intermittent selling pressure caused a steady fall to a day's low of £2,520 in the afternoon rings. There was a recovery to £2,550 before a close on the kerb of £2,530. Turnover 654 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	—	.....	—	.....
3 months	2635-45	-182½	2530-40	-232½

Morning: three months £2,680, 50, 55, 60, 55, 60, 40, 30, 40, 45, 40. Kerb: three months £2,630. Afternoon: three months £2,600, 2,580, 90, 80, 60, 70, 60, 50, 30, 20, 40. Kerb: three months £2,550, 40, 50, 30.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

COTTON

200.0; July 192.0, 200.0; Oct. 193.0, 202.0; Dec. 195.0, 203.0. Sales nil.

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 527 tonnes. A much larger demand came forward after very slow trading during recent weeks. Interest ranged over numerous qualities grown in many parts of the world, with most attention centred on Middle Eastern and South American supplies.

TEA AUCTION

LONDON — 53,068 packages were offered at yesterday's tea auction. The market opened with a better demand but inquiry weakened as the sale progressed. North Indians lost 3p to 6p and plain sorts sometimes more. Bright Africans were firm to dearer. Mediums were irregular and sometimes lower. Plain teas shed 4p to 6p with some withdrawals, particularly towards the close. Sri Lanka were 4p to 6p easier apart from dusts and a few good liquoring bop's. Average price indications: Quality 136p per kilo (same); Medium 100p per kilo (103p); Plain 64p per kilo (same).

JUTE

JUTE—Firm. July-Aug. c. and f. Dundee: BWC £267, BWD £241, BTC £286, BTD £256; c. and f. Antwerp July-Aug.: BWB $620, BWC $570, BWD $525, BTB $660, BTC $625, BTD $580. Jute goods—firm. C. and f. Dundee, July: 40-in 10-oz £12.89, 40-in 7.5-oz £10.12. "B" twills £31.29.

SILVER

Silver was fixed 3.55p an ounce higher for spot delivery in the London bullion market yesterday at 397.2p. U.S. cent equivalents of the fixing levels were: spot 869.7c, up 16.1c; three-month 887.3c, up 15.9c; six-month 907.70c, up 16.5c; and 12-month 943.0c, up 19.9c. The metal opened at 396½-397½p (868-870c) and closed at 392½-393½p (860-862c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	397.20p	+3.55	393.85p	-0.4
3 months	408.50p	+3.55	405.35p	-1.25
6 months	420.0p	+3.55	—	.....
12 months	441.50p	+4.5	—	.....

LME—Turnover 207 (178) lots of 10,000 ozs. Morning: Cash 397.2, 97.3, three months 409, 9.2, 9, 8.7, 8.6, 8.8, 9. Kerbs: Three months 408.5, 8.7. Afternoon: Three months 407, 6.8, 7, 7.5, 5.8, 5, 5.2. Kerbs: Three months 405, 4.5, 4, 3.8, 4.3, 4.5, 4.4, 4.3, 4.4, 4.5, 4.3, 4, 3.8, 3.7, 3.5.

COCOA

Easier as the opening levels continued to lose ground throughout the day and closed at the lows, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
July	1557-1558	-58.5	1595-1556
Sept	1595-1597	-49.5	1638-1598
Dec	1652-1655	-50.0	1695-1652
March	1686-1689	-46.0	1725-1685
May	1703-1708	-51.0	1748-1705
July	1737-1760	-29.0	—
Sep	1760-1770	-32.0	1780

Sales: 2,326 (3,226).

International Cocoa Organisation (U.S. cents per pound): Daily price June 29 161.68 (159.89). Indicator prices for July 2. 15-day average 157.39 (157.24); 22-day average 157.75 (157.48).

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GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone): Shell cod £4.00-£5.00, Codlings £2.80-£3.60; Shell haddock, medium £4.50-£5.60, small £3.00-£3.60; large plaice £4.00-£4.70, medium £3.80-£4.80, best small £4.00-£4.70; Skinned dogfish, large £10.00, medium £8.50; Lemon soles, large £7.00, medium £6.20.

★

COFFEE

Although early predictions pointed toward a further advancement, Robustas tended easier through the morning and selling from mixed sources prompted a retracement from the recent contract highs, reported Drexel Burnham Lambert. In the afternoon the market moved in line with the New York "C" Contract levels early on as prices fell sharply, but some trade buying on the closing lifted price off the lows of the day to finish £17.5 to £39.5 from Friday.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	2034-36	-39.5	2080-31
September	2088-90	-29.5	2151-80
November	2095-97	-27.5	2124-83
January	2098-99	-25.5	2120-87
March	2078-80	-24.5	2105-70
May	2070-75	-29.0	—
July	2069-75	-17.5	—

ICS indicator prices for June 29 (U.S. cents per pound): Other Mild Arabicas 216.0 (211.0); Robustas ICA 1976 210.0 (208.0); ICA 1968 210.5 (206.51); Colombian Mild Arabicas 221.0 (217.0); Unwashed Arabicas 213.0 (201.0). Comp daily ICA 1968 214.0 (207.17).

WOOL FUTURES

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron Contract: July 384.0, 385.0, 385.5-384.0, 29; Oct. 395.0, 395.5, 398.0-395.0, 11; Dec. 400.3, 400.5, 400.5-399.5, 31; March 409.0, 410.0, 409.0-407.5, 18; May 412.0, 412.0-410.0, 18; July 412.0, 414.0, 413.5-413.0, 10; Oct. 414.5, 418.0, 414.5-414.5, 2; Dec. 415.0, 420.0, nil, nil. Sales: 118.

BRADFORD—Prices for tops were frequently quoted slightly lower, but again the adjustments were due to currency factors rather than any trade influence. Business remains fairly quiet.

LONDON GREASY—Close (in order buyer, seller only): July 218.0, 228.0; Oct. 218.0, 233.0; Dec. 218.0, 238.0; March/May/July/Oct./Dec. 228.0, 238.0. Sales nil.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller only): July 187.0, 196.0; Oct. 189.0, 198.0; Dec. 192.0, 200.0; March 191.0, 200.0; May 192.0,

GRAINS

LONDON FUTURES (GAFTA)—Markets have been quiet with switches on Sept.-Jan.-July bolstering the volume. The market opened 5 lower but there was good buying interest from commercial sources on the theory that the European Commission would grant export restitutions on barley in August. However, values rallied sharply up to 50 higher on a lack of sellers but, in quiet markets, some hedge selling was noted and by the close values were only between 15-25 higher, Acli reports.

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
Sept.	91.80	+0.2	87.70	+0.2
Nov.	95.55	+0.2	91.60	+0.15
Jan.	99.80	+0.25	95.85	+0.2
Mar.	103.15	+0.25	99.15	+0.15
May	106.65	+0.25	102.35	+0.15

BUSINESS DONE — Wheat: Sept. 92.05-91.70, Nov. 95.85-95.30, Jan. 100.0-100.0, March 103.35-103.25, May 106.0-106.0. Sales: 78. Barley: Sept. 87.95-87.40, Nov. 91.90-91.40, Jan. 96.05-95.80, March 99.25-98.95, May 102.5-102.5. Sales: 246.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, June unquoted, July 97.50, Aug. 97.75, Sept. 98.50, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Aug. 99.60, transhipment East Coast. EEC unquoted.

Maize: U.S./French July 109.50, Aug. 112, transhipment East Coast. South African White unquoted. South African Yellow Aug. 82.00 nominal. Barley: English feed fob Oct.-Dec. 94, East Coast.

HGCA—Average UK ex-farm spot prices for week ending June 28: Other milling wheat: £99.20 (-0.90). Feed wheat: £95.70 (-1.50). Feed barley: £91.40 (-1.10).

EEC IMPORT LEVIES—The following levies and premiums are effective for July 3 in order of current levy plus Aug., Sept. and Oct. premiums (with previous in brackets). All in units of account per tonne. Common wheat: 79.85, 0.75, 0.75, nil (78.23, rest nil); Durum wheat: 123.34, rest nil (123.34, rest nil); Rye: 82.11, rest nil (78.37, rest nil); Barley: 78.29, rest nil (76.29, rest nil); Oats—86.82, rest nil (86.82, rest nil); Maize (other than hybrid for seeding): 79.80, rest nil (79.80, rest nil); Buckwheat: 4.08, rest nil (4.06, rest nil); Millet: 62.84, rest nil (62.84, rest nil); Grain sorghum: 78.80, rest nil (78.80, rest nil). Flour levies: Wheat or mixed wheat and rye flour: 126.57 (124.30); Rye flour: 129.73 (124.49).

SOYABEAN MEAL

The London market opened with losses of £1-£2.50 on continued weak follow through, reported T. G. Roddicks. Stronger sterling put further pressure on prices but good commercial support enabled market to rally.

	Yesterday's Close	+ or —	Business Done
	£ per tonne		
August	124.00-24.6	-0.7	125.20-22.00
October	125.50-26.0	-0.35	126.50-25.00
December	125.10-26.5	-1.15	127.00-24.60
February	127.50-27.7	-1.9	129.50-27.60
April	127.50-30.0	-2.25	—
June	128.50-32.0	-2.75	—
Aug.	129.00-34.5	-2.25	—

SUGAR

LONDON DAILY PRICE (raw sugar): £101.0 (102.0) a tonne cif for May-June shipment. White sugar daily price was £104.0 (105.0).

Sentiment was adversely affected by the large quantity tendered against the July position in New York, so that opening quotations were around 50 points below pre-weekend levels. Long liquidation developed which found only scattered support and the market closed around the lows of the day, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Aug.	105.50-05.75	105.25-05.50	106.75-05.00
Oct.	108.35-08.40	108.75-08.80	109.50-08.00
Dec.	111.40-11.50	111.60-11.80	112.10-11.40
March	116.15-16.20	116.15-16.25	116.75-15.75
May	118.40-18.80	118.55-19.75	119.45-18.60
Aug.	121.25-21.40	122.25-22.50	121.80-21.50
Oct.	124.00-24.50	125.00-25.50	124.75-24.25

Sales: 1,222 (3,426) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £299.55 (£299.50) a tonne for home trade and £170.0 (£171.0) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port): Prices for June 29. Daily price 8.55 (8.51); 15-day average 8.25 (8.20).

WHITE SUGAR—Close (in order buyer, seller, business, sales): Aug. 107.00, 107.50, 109.00-107.25, 45; Nov. 111.00, 111.25, 112.00-111.25, 45; Feb. 118.00, 118.75, 119.25-118.00, 26; April 121.00, 122.50, nil, nil; July 126.25, 127.00, nil, nil; Sept. 132.00, 134.00, nil, nil; Nov. 131.00, 138.00, nil, nil. Sales: 111.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on June 29: GB cattle 86.95p per kg. l.w. (+0.82); UK sheep 170.8p per kg. est.d.c.w. (-5.9); GB pigs 58.2p per kg. l.w. (-0.2). England and Wales: Cattle numbers up 2.9 per cent, average price 86.74p (+0.41); Sheep numbers up 11.2 per cent, average price 170.7p (-6.1); Pig numbers up 11.3 per cent, average price 58.0p (-0.4). Scotland: Cattle numbers up 1.6 per cent, average price 91.14p (+2.05); Sheep numbers down 5.1 per cent, average price 176.1p (-6.5); Pig numbers up 17.8 per cent, average 56.0p (-0.5).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 64.0 to 68.0; Eire hindquarters 82.0 to 84.0, forequarters 43.0 to 44.0.

Veal: English fats 65.0 to 76.0; Dutch hinds and ends 96.0 to 99.0.

Lamb: English small 62.0 to 72.0, medium 66.0 to 70.0. Imported frozen: NZ PL 51.0 to 51.5, PM 50.0 to 51.0.

Pork: English, under 100 lb 34.5 to 43.5, 100-120 lb 34.0 to 42.0, 120-160 lb 34.0 to 41.0.

PRICE CHANGES

In tonnes unless otherwise stated.

	July 2 1979	+ or —	Month ago
Metals			
Aluminium	£710/60		£710
Free Mkt (cts)	$1,530/50		$1,525/45
Copper			
Cash w'bar	£805.5	-37.0	£870
3 mths	£821.5	-35.5	£881.5
Cash Cathode	£780.5	-38.0	£848
3 mths	£803.5	-34.5	£868.5
Gold troy oz.	$282.125	+3.25	$278.625
Lead cash	£608.5	-6	£637
3 mth	£573.5	-8	£591.5
Nickel	£3295.4		£2,723.75
Freemkt(c)(lb)	250/75c		210/40c
Platin'm tr'y oz	£188.15	+27.15	£171
Free mkt	£192.15	-4.45	£213.55
Quicksilver	$285/300		$350/60
Silver troy oz.	397.20p	+3.55	421.8p
3 months	408.50p	+3.55	431.30p
Tin cash	£7,470	-175	£7,485
3 mths	£6,995	-102.5	£7,160
Tungsten	$138.57		$136.8
Wolfrm 22.04 cif	$146/51		$141/45
Zinc cash	£332	-3	£370.75
3 months	£343.5	-4.0	£381.5
Producers	$845		$845
Oils			
Coconut (Phil)	$1,130	-10	$1,090
Groundnut			
Linseed Crude	£405	-2	£384
Palm Malayan	$672.0	-10	$667
Seeds			
Copra Philip	$725		$712.55
Soyabean (U.S.)	$318	-10.15	$309.3
Grains			
Barley Futures	£91.60	+0.15	£88.85
Maize			
French No 3 Am	£109.5		£110.25
Wheat			
No.1 Red Spg	£97.50	-5.5	
No.2 Hard Wint	£99.50	-7.4	
Eng. Milling			£107.5
Other commodities			
Cocoa ship't	£1,696.0	-34.5	£1,766
Future Sept	£1,596.0	-49.5	£1,671
Coffee Ft'r Sept	£2,089	-29.5	£1,818.5
Cotton A'index	75.35c	-0.5	74.80c
Rubber kilo	60.75p	-0.5	65.50p
Sugar (Raw)	£101.0	-1.0	£96
Wooltp's 64s kl	271p	-5.0	280p

* Nominal. † New crop. ‡ Unquoted. In tonnes unless otherwise stated. p August. s July-Aug. w Sept.-Oct. y Nov. z Indicator. § Buyer.

AMERICAN MARKETS

NEW YORK, July 2.

THE GRAINS and soyabean complex rallied with wheat showing the best advances to new limit up. Meats were mixed on a good showing by hogs and minor losses by the cattle. Minor gains in gold were more than offset by the losses in silver, caused by the likelihood of a recession which also brought copper prices to limit down. Coffee and cocoa were both limit down, with coffee reacting to profit-taking and cocoa to a more normal situation in Ghana. Sugar advanced slightly with the strength of the pound being an important factor in the market arbitrage. Cotton continued its recovery from Friday with further minor gains, Heinold reported.

Cocoa—July 146.25 (147.76), Sept. 150.25 (153.25), Dec. nil, March nil, May nil, July nil, Sept. nil. Sales: 1,193.

Coffee—"C" Contract: July 211.00 (215.23), Sept. 217.53 (221.53), Dec. 215.00, March 212.91, May 212.49, July 209.00, Sept. 209.55.

Copper—July 78.30 (81.20), Aug. 78.30 (81.25), Sept. 78.30, Dec. 78.50, Jan. 79.10, March 79.55, May 79.90, July 80.20, Sept. 80.45, Dec. 80.70, Jan. 80.80, March 81.05, May 81.15.

*Gold—July 282.30 (281.90), Aug. 284.00 (283.30), Sept. 286.40, Oct. 289.10, Dec. 294.10, Feb. 298.70, April 303.30, June 308.00, Aug. 312.50, Oct. 317.00, Dec. 321.70, Feb. 325.90, April 330.20.

†Platinum—July 419.50 (423.00), Aug. nil (nil), Sept. nil, Oct. 418.50, Jan. 420.20, April 422.70, July 425.50, Oct. 428.30, Jan. 431.20.

Potatoes (round whites)—Nov. 65.3 (64.5), March 83.2 (82.8), April nil, May 108.3. Sales: 236.

†Silver—July 865.4 (885.3), Aug. 861.2 (870.7), Sept. 868.5, Dec. 887.5, Jan. 892.5, March 903.4, May 914.3, July 925.2, Sept. 936.1, Dec. 953.1, Jan. 958.5, March 969.6, May 980.6. Handy and Harman spot 858.00 (868.00).

CHICAGO, July 2.

Lard—Chicago loose not available. New York prime steam not available.

Live Cattle—Aug. 66.00-66.15 (66.72), Oct. 64.15-64.30 (65.22-64.82), Dec. 66.30-66.50, Jan. 66.05 asked, Feb. 66.75-66.70, April 70.15 bid-70.30, June 71.25 asked, Aug. 70.70 asked, Oct. 69.75 asked, Dec. 71.25 asked. Sales: 18,191.

Live Hogs—July 40.35-40.05 (39.45), Aug. 38.40-38.50 (35.55-36.45), Oct. 34.15-33.35, Dec. 35.35-33.37, Feb. 37.70-37.55, April 37.72 bid, June 41.40, July 42.63 bid, Aug. 41.60. Sales: 4,580.

‡Maize—July 306¾-306 bid (299½), Sept. 308¼-308½ bid (299¼), Dec. 314-314¾, March 323-323¼, May 326-326½, July 326-325½.

Pork Bellies—July 34.20-34.40 (33.27), Aug. 33.20-32.40 (33.32-33.35), Feb. 43.00-42.60, March 43.40, May 44.10 bid, July 44.70 asked, Aug. 43.55 asked. Sales: 6,834.

Plywood—July 196.9 (199.1), Sept. 195.0 (201.2), Nov. 195.0, Jan. 196.0 asked, March 196.2, May 198.6, July 200.2 asked, Sept. 200.2 asked, Nov. 200.0.

Shell Eggs—July 52.30 bid (52.00), Aug. 52.20, Sept. 52.40, Oct. 61.75 asked, Dec. nil.

Sugar—No. 11: July 861.0 (871.8), Aug. 877.5, Sept. 889.0, Oct. 900.0, Jan. 922.5, March 933.0, May 944.0, July 955.0, Sept. 1001.0, Oct. 1013.0, Dec. 1025.0, Feb. 1037.0, April 1049.0, June 1054.6.

No Winnipeg market prices are available due to a public holiday in Canada.

‡Soyabeans—July 746-748 (741½), Aug. 750½-755½ (741½), Sept. 751-749, Nov. 744½-743½, Jan. 755-757, March 765, May 772, July 773.

‡‡Soyabean Meal—July 204.00-205.00 (199.20), August 203.20-205.00 (199.50), Sept. 203.50-204.00, Oct. 204.00-204.50, Dec. 205.00-204.00, Jan. 206.00, March 208.00, May 209.00, July 209.00.

Soyabean Oil—July 27.56-27.60 (27.17), August 27.55-27.60 (27.20), Sept. 27.45-27.50, Oct. 27.30, Dec. 27.00-27.05, Jan. 27.00, March 27.05, May 27.05, July 26.95, August 26.80.

‡Wheat—July 443¼-443 (428¼), Sept. 441-440½, Dec. 453-454, March 458-467, May 459, July 429-430.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. † Cents per troy ounce. ‡ Cents per 56-lb bushel. ¶ Cents per 60-lb bushel. || $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, July 2.

Wheat—U.S. No. 2 Dark Hard Winter unquoted. U.S. No. 2 Red Winter wheat Aug. $196, Sept. $197. U.S. No. 2 Northern Spring wheat July $195, Aug. $195, Sept. $196, Oct. $198, Nov. $200.

Maize—U.S. No. 3 Corn Yellow afloat $150, July $150, Aug. $151, Sept. $151, July-Sept. $151, Oct.-Dec. $156, Jan.-March $158.50.

PARIS, July 2.

Cocoa (FFr per 100 kilos)—July 1450-1500, Sept. 1500-1515, Dec. 1520-1535, March 1560 asked, May 1540-1570, July 1550 asked. Sales at call 3.

Sugar (FFr per 100 kilos)—Aug. 941-949, Oct. 1006-1010, Nov. 1010-1015, Dec. 1060-1064, March 1092-1104, May 1120-1130, July 1130-1150, Aug. 1140-1165. Sales at call 10.

INDICES

FINANCIAL TIMES

June 29	June 28	M'nth ago	Year ago
293.85	295.25	284.93	242.27

(Base: July 1, 1952=100)

MOODY'S

June 29	June 28	M'nth ago	Year ago
1080.1	1087.4	1066.1	915.9

(December 31, 1931=100)

DOW JONES

Dow Jones	June 29	June 28	Month ago	Year ago
Spot	424.04	420.31	394.43	360.04
Futures	432.11	432.35	402.62	349.29

(Average 1924-25-26=100)

REUTERS

July 2	June 29	M'nth ago	Year ago
1602.2	1617.7	1574.9	1463.9

(Base: September 18, 1931=100)

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Israeli: Valencia Lates 4.40-5.00; Cypriot: 5.00-6.00; S. African: Navels 4.50-6.30; Brazilian: 5.20-6.00. Lemons—Italian: 100/120s 5.00; Spania: trays 30/40/45 2.20-3.20. Grapefruit—South African: 32/64 3.60-5.10; Jaffa: 36s 4.50. Apples—S. African: Granny Smith 7.40, White Winter Pearmain 4.00, Starking 4.20-4.80, Golden Delicious 6.50; New Zealand: Sturmers 7.20, Delicious 6.50; Tasmanian: Jonathans 6.00-6.20, Golden Delicious 6.50, Sturmer Pippins 6.50-6.80, Granny Smith 7.00; Victorian: Granny Smith 7.50; Australian: Granny Smith 7.20. Pears—S. African: Red Delicious per box 9.00-9.20; French: Golden Delicious 20 lb 3.20-3.80, 40 lb 5.00-7.20; jumble pack per pound 0.05-0.09; Italian: Rome Beauty 0.08-0.09, Democrats per pound 0.10.

Widespread and heavy demand for Gilts continues after-hours bringing rises to nearly three points

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jun. 18	Jun. 28	Jun. 29	July 10
July 2	July 12	July 13	July 24
July 16	July 26	July 27	Aug. 7

* "New time" dealings may take place from 9.30 am two business days earlier.

Heavy and more widespread investment funds attracted by the remorseless advance in the pound flowed into Government stocks yesterday. Following exhaustion of the short-medium tap on Friday, the remaining longer tap ran out immediately dealings opened and inspired a general and progressive upsurge which continued after-hours and left longdated securities with extensive rises to nearly three points.

American support was deemed particularly impressive and domestic institutional operators also made their presence felt after their recent spell of inactivity. The combination quickly brought the announcement that official supplies of the £15-paid long tap stock Exchequer 12 per cent A 1999, issued 11 days previously, were exhausted at 15½; ensuing trade in the stock was heavy and the price went sharply higher to 18½ in late inter-office dealings.

Remaining high-coupon issues were not outdone and established good rises, while the shorts, recently held back by yield considerations, also moved up impressively. Perhaps significantly, there appeared to be underlying optimism that money market rates had reached their peak and a reduction in Minimum Lending Rate from its current high crisis level might come sooner than recently envisaged.

The equity sections were slightly uncertain initially with sentiment affected by gloomy medium-term economic assessments, but leading shares improved on the back of the excitement in Gilts. Once again, however, quality buying of equities was lacking and values eased from the best levels with the reactionary trend set by dullness in shares of the major exporters.

News later that Saudi Arabia was to temporarily increase oil production found no reflection in the market and the FT 30-share index, which had recorded a gain of 2.8 at 1 pm, closed a net 1.7 up at 475.1. Rises in all FT-quoted industrials were in a majority of only five-to-four over falls.

Corporations went higher with the main funds and closed with gains extending to a point, while Southern Rhodesia bonds responded to the Prime Minister's hint that economic sanctions could be lifted by the autumn; the 2½ per cent 1965/70 stock jumped seven points to £78 and the 6 per cent 1978/81 rose five points to £113. In Foreign Railways, Antofagasta were raised 3½ to £25½.

The possibility of further relaxations in exchange control regulations provoked fresh selling of investment currency and the premium fell 3½ points more to 27 per cent. Sterling's latest strength was also an adverse influence. Yesterday's SE conversion factor was 0.9501 (0.9084).

Activity in Traded options was well-distributed throughout the listed stocks and the number of contracts completed rose to 1,014, almost double last week's daily average of 581. Despite quiet equity business in the underlying stock, ICI options attracted 321 trades, while Land Securities continued in demand and recorded 155 trades.

Fairline Boats staged a highly satisfactory debut and, from an opening level of 98p, touched 102p following a fair amount of institutional interest before settling at 96p compared with the placing price of 80p. Phicom, the electrical and light engineering and plantation holdings, opened and closed at 40p, having meanwhile touched 45p.

Discounts buoyant

Reflecting the strength of Gilt-edged, discount houses made further good progress with Union advancing 25 to 390p and Clive adding 5 to 108p; King and Shaxson firmed 4 to 72p, Cater Ryder 12 to 360p and Jessel Toynbee 3 to 74p. The majority of clearing banks met with late interest and finished with gains to 14p. Mercury Securities firmed 11 to 172p following the annual results.

Breweries closed with a slightly firmer appearance although the gloomy industrial climate precluded any appreciable amount of investment support. Whitbread hardened a penny at 125p ahead of Thursday's preliminary results, while Distillers put on 2 at 215p.

Building descriptions recorded scattered improvements following a small business. Heywood Williams put on 4 to 88p in response to excellent annual profits, while Marshalls (Halifax) firmed 5 to 167p on demand in a thin market. Among Timbers, Magnet and Southerns found support and added 8 to 180p while Phoenix improved 4 to 134p. Press comment prompted a gain of 6 to 50p in MDW and, awaiting today's results, A. Monk added 3 to 57p. UBM were quoted at 63p, down ½, ex the rights issue; the new nil-paid shares opened at 7p premium and drifted down on lack of support to close at 4½p premium.

ICI fluctuated narrowly in thin trading before settling at the overnight level of 345p. Among other Chemicals, Coalite picked up 2 to 92p on Press comment and ahead of today's annual results. Carless Capel added 2 to 48p.

MFI good again

Store leaders usually ended displaying gains limited to one or two pence following a subdued start to the new account. Burton A, however, closed 4 to the good at 266p with the Warrants 5 better at 118p as speculation about enfranchisement of the shares continued. Publicity given to a broker's recent circular helped MFI jump 14 for a two-day gain of 22 at 178p, while Courts (Furnishers) A advanced 4 at 142p on the 30 per cent increase in taxable profits and the proposed 50 per cent scrip issue.

Early interest in the Electrical leaders tended to fade and final quotations were a shade below the day's best, GEC closing a few pence dearer at 362p, after 365p, and EMI 4 up at 105p, after 106p. Selective support was shown in secondary issues. United Scientific gained 9 to 333p and Eurotherm 8 to 355p, while Muirhead closed 7 dearer at 232p.

Conditions in the Engineering leaders remained rather subdued but, still reflecting the good results and capital proposals, John Brown attracted fresh support and closed 8 to the good at 613p. Elsewhere, buying ahead of today's preliminary results lifted London and Midland Industries 7 to 117p, while Tex Abrasives, annual results also due today, gained 9 to 56p in a restricted market. Baker Perkins met fresh support at 155p while Babcock and Wilcox firmed 4 more to 165p on hopes that the company will benefit from any future expansion in the nuclear energy programme. Weekend Press mention stimulated buying interest in Mining Supplies which put on 4 to 96p. Other firm spots included Adwest Group, 364p, up 9, and Mitchell Somers, 2 better at 55p.

Leading Foods finished a shade easier in places with Rowntree Mackintosh 4 off at 188p and Tate and Lyle 2 cheaper at 138p. Among Supermarkets, Cartiers put on 6 to 180p as bid rumours revived. Elsewhere, the higher interim profits lifted A. G. Barr 3 to 102p.

Grand Metropolitan touched 145p before settling at 143p for a net gain of 5 on hopes of a successful outcome to the rights issue. In sharp contrast, Ladbroke became increasingly unsettled by reports of objections to its casino licences renewal applications and dipped 15 to 195p.

Cape Inds. higher

Firm initially, the miscellaneous Industrial leaders drifted back to close with small irregular movements on the day. Beecham finished 4 dearer at 547p, after 550p, but Glaxo ended a few pence cheaper at 448p, after 452p. Elsewhere, Cape Industries continued to benefit from the sale of two South African asbestos subsidiaries to Transvaal Consolidated Land. Favourable weekend Press mention lifted Renwick Group 3 to 54p xd and Wm. Press a penny to 25p. Awaiting the preliminary results, Ropner improved 4 to 68p and the "A" 2 to 68p. Dealings were temporarily suspended in Evode at 51p, up 10, at the request of the company pending an announcement, while Sutcliffe Speakman eased 1½ to 43½p on the annual loss, but Robert Moss improved 2 further to 43p in response to the preliminary results. Scattered demand lifted Macfarlane 8 to 84p and Feedex 3 to 50p, while revived buying on the company's North Sea oil interests left National Carbonising 5 dearer at 70p.

Motor sectors plotted an irregular course in a subdued business. Heron were again active and touched 53p on adverse Press comment concerning the recent abortive bid talks before rallying to close a net 3 lower at 55p. CGSB reacted 5 to 20p after further consideration of last week's interim statement, while Hanger, 73p, and Tate of Leeds, 100p, eased 5 apiece. Among Components, Dowty closed 6 off at 314p; the annual results are expected to be announced on July 19.

Among idle Paper/Printings, John Waddington fell 6 to 182p in front of the annual results due tomorrow.

Hopes of an early reduction in interest rates encouraged a steady demand for Properties. Land Securities and MEPC improved 5 apiece to 288p and 176p respectively, while British Land firmed 3 to 73p and Hammerson A 20 to 825p. Renewed speculative support lifted Imry 20 to 680p and London and Provincial Shop 6 to 236p, while persistent buying prompted a gain of 13 to 145p in Rush and Tompkins. Other firm spots included Berkeley Hambro 7 up at 193p, Second City Properties, 3 better at 57p, and Westminster and Country, 3 to the good at 33p.

Oils mixed

The Oil leaders encountered further profit-taking, but support was forthcoming for some of the more speculative North Sea issues. British Petroleum eased 5 further to 1,240p and Shell 4 to 378p, while dollar premium influences left Royal Dutch ½ lower at £36¼. In contrast, Oil Exploration gained 12 to 300p, while Clyde Petroleum improved 6 to 216p and Gas and Oil Acreage put on 5 to 190p. Smaller-priced issues to improve included Charterhall, 2½ to the good at 44p.

South African industrials drifted downwards on the lower investment dollar premium, Barlow Rand falling 7 at 243p and South African Breweries giving up 2½ to 69p. Plantations were similarly affected: Kuala Lumpur Kepong, 68p, Bertams, 167p, and Highlands, 91p, all easing 3.

Steady Australians

The fall in the investment dollar premium took its toll on prices in the mining sector. Australians were the most actively traded, following the firmness in Sydney overnight as the market moved up at the start of a new financial year.

Pancontinental were sought, but the unchanged price of 725p reflected the downward movement in the premium. Peko-Wallsend also attracted attention on its uranium prospects and hardened 3 to 284p. Central Pacific with a rise of 50 to 850p and South Pacific, up 17 at 340p, continued to draw speculative interest on their oil shale prospects.

Business was less active among South African Golds, although the undertone remained firm in the light of the rise in the bullion price. What demand there was centred on stocks which yesterday did not go ex-dividend, notably Buffelsfontein and Western Deep which showed good gains in dollar terms, but were held back in sterling terms by the premium. Their prices were respectively 723p, up 11, and 766p, down 3.

The Gold Mines Index fell 5.9 to 161.9 because of the large number of stocks going ex-dividend; had it not been for these special deductions, the Index would have been down only 2.4 at 165.4. The ex-premium index was 1.3 lower at 180.8.

South African Financials featured De Beers, which attracted Cape demand because of the earnings potential of the Tweepad development in Namaqualand, but the sterling price was 2 lower at 363p.

Tins were generally lower on premium considerations with Ayer Hitam falling 15 to 285p. Domestic stocks fell in sympathy and Geevor settled 10 lower at 125p.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	1100	180	10	176	—	240	—	1245p
BP	1200	53	2	108	3	168	6	
BP	1300	14	—	60	1	115	—	
Com. Union	140	10	—	19	61	22	—	145p
Com. Union	160	3½	—	9	20	11	9	
Com. Union	180	1½	—	5	—	7	7	
Cons. Gold	220	8	5	18	—	30	5	217p
Cons. Gold	240	1½	28	11	10	16	—	
Cons. Gold	260	1	4	5	—	11	—	
Courtaulds	100	1	10	4½	10	6½	7	89p
Courtaulds	110	½	—	3	—	4½	10	
Courtaulds	120	¼	—	—	—	2½	10	
GEC	330	38	14	56	—	74	—	361p
GEC	360	17	52	37	—	54	—	
GEC	390	5	—	23	21	40	—	
Grand Met.	120	18	15	22	—	26	—	143p
Grand Met.	130	8	4	16	—	—	—	
Grand Met.	140	3	15	9	—	—	—	
ICI	330	21	10	33	—	42	86	344p
ICI	360	8	5	16	134	34	89	
ICI	390	3	—	8	—	19	—	
Land Secs.	280	23	—	37	—	47	10	
Land Secs.	300	9½	70	23	37	35	—	
Land Secs.	330	1	—	12	28	24	10	
Marks & Sp.	100	15	8	20	—	—	—	115p
Marks & Sp.	110	7	—	13	3	19	5	
Marks & Sp.	120	2½	6	8	—	15	6	
Shell	350	35	7	46	—	55	—	379p
Shell	375	15	—	26	5	44	—	
Shell	400	5	—	20	5	25	—	
Totals			255		571		249	
		August		**November**		**February**		
BOC Intl.	80	3	—	5½	—	9	20	75p
Boots	220	8	—	12	—	12	6	182p
EMI	90	21	—	27	9	31	36	109p
EMI	110	8	24	17	1	19	—	
EMI	120	4	—	11	—	16	20	
EMI	130	3	—	6	50	—	—	
EMI	140	2	—	4	4	—	—	
Imperial Gp.	90	7½	25	10½	1	14	—	92p
Total			55		39		47	

FINANCIAL TIMES STOCK INDICES

	July 2	June 29	June 28	June 27	June 26	June 25	A year ago
Government Secs.	72.89	71.09	70.81	70.67	70.59	70.38	[illegible]
Fixed Interest	73.36	72.65	72.42	72.23	[illegible]	[illegible]	[illegible]
Industrial	475.1	473.4	469.3	465.9	475.2	473.4	[illegible]
Gold Mines	161.9	167.8	174.4	178.0	176.4	[illegible]	[illegible]
Gold Mines (Ex-$ pm)	180.8	182.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ord. Div. Yield	5.93	5.94	5.97	6.00	5.90	5.93	[illegible]
Earnings, Yld. % (full)	16.33	16.16	16.27	16.27	16.07	16.15	[illegible]
P/E Ratio (net) (*)	7.79	7.88	7.84	7.79	7.93	7.88	[illegible]
Total bargains	17,997	16,272	16,200	14,647	15,421	16,935	[illegible]
Equity turnover £m	—	110.38	85.86	67.46	71.16	[illegible]	[illegible]
Equity bargains total	—	15,490	13,851	10,709	11,776	11,197	[illegible]

10 am 473.1. 11 am 474.2. Noon 475.1. 1 pm 476.2. 2 pm 475.7. 3 pm 475.8.

Latest Index 01-246 8026.

* Nil=7.40.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (4/5)	66.03 (16/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (13/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	208.4 (7/6)	129.9 (15/2)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$pm)	159.5 (6/6)	95.2 (2/1)	337.1 (3/4/74)	54.3 (25/6/76)

S.E. ACTIVITY

	July 2	June 29
—Daily		
Gilt Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]
5-day Av'r'ge		
Gilt Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (28)

BRITISH FUNDS (2): Treasury 12pc '84; Exchequer 11½pc '99 (£15 pd.)
FOREIGN BONDS (1): Antofagasta Railway
BANKS (1): Gerrard & National
BUILDINGS (1): Marshalls (Halifax)
CHEMICALS (2): Carless Capel; Coalite Group
STORES (3): Hardy (Furn.) A; N-V Michael (J.); MFI Furniture
ELECTRICALS (1): Utd. Scientific
INDUSTRIALS (5): Cape Inds.; Ropner Hldgs.; Evode; Do. A; Feedex Agric.
PROPERTY (2): Avenue Close; North Brit. Props.
SHIPPING (2): Reardon Smith; Reardon Smith A
TRUSTS (2): [illegible]; London Merchant
OILS (3): Burmah; Cie. North Sea; Clyde Petroleum; Gas & Oil Acreage; LASMO 14pc '81-'85; Viking Resources
MINES (2): Central Pacific; Southern Pacific

NEW LOWS (137)

FOREIGN BONDS (1)
AMERICANS (38)
CANADIANS (3)
BANKS (3)
BUILDINGS (1)
CHEMICALS (2)
ELECTRICALS (4)
ENGINEERING (13)
FOODS (3)
HOTELS (1)
INDUSTRIALS (24)
INSURANCE (3)
MOTORS (2)
PAPER & PRINTING (3)
PROPERTY (1)
TEXTILES (3)
TRUSTS (10)
OVERSEAS TRADERS (1)
RUBBERS (3)
MINES (4)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	76	—	—
Corpns. Dom. and Foreign Bonds	40	1	24
Industrials	302	253	[illegible]
Financial and Prop.	132	105	[illegible]
Oils	12	[illegible]	[illegible]
Plantation	[illegible]	[illegible]	[illegible]
Mines	22	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	612	[illegible]	[illegible]

APPOINTMENTS

Morgan Grenfell group posts

Mr. J. A. Franklin and Mr. J. H. L. Norton have been appointed directors of MORGAN GRENFELL AND COMPANY. Mr. D. T. A. Boyle, Mr. M. Bullock, Mr. M. E. Hildesley and Mr. B. D. Wood have become senior assistant directors, and Mr. A. J. Brown and Mrs. F. A. Edwards have been made assistant directors. Mr. P. B. H. Polonlecki has been appointed a director of Morgan Grenfell Investments.

*

Mr. Nicholas J. Hall has been appointed group financial controller of BURNET AND HALLAMSHIRE HOLDINGS.

*

Mr. Brian Dean, secretary of Equity Capital for Industry, has been appointed a non-executive director of ANDREW R. FINDLAY GROUP.

*

Mr. Francis Perkins, chairman of the British Insurance Brokers' Association and of the UK Insurance Brokers' European Committee, has retired as chairman of the Common Market Committee of the BUREAU INTERNATIONAL DES PRODUCTEURS D'ASSURANCES ET DE REASSURANCES and has been succeeded by Mr. Oswald Hubener of Jauch and Hubener, Hamburg, President of Verein Deutscher Versicherungsmakler e.V.

*

Mr. Bill Jolliffe, County Treasurer for Lancashire, has been elected president of the CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY for 1979-80. The retiring president is Mr. Ray Lacey.

*

Mr. Jim Mundell has taken over as chairman of the North-West Region of the CONFEDERATION OF BRITISH INDUSTRY succeeding Mr. Ken Dixon.

*

Mr. Charles Wilson has been appointed chairman of DAWNAY DAY INDUSTRIES, following the retirement of Mr. Alan Emery, who will remain a non-executive director of Dawnay Day Group. Mr. David Wood, group financial controller, has joined the Board of Dawnay Day Group. Mr. Robert Kitzinger becomes a member of the Board of Dawnay Day and Co.

*

Mr. Stanley W. Bolden, a director of SPECTROL RELIANCE, has been appointed general manager of the company.

*

Mr. R. B. Colbran, Mr. C. J. Cornwall, Mr. D. E. Fellows, Mr. I. L. Rushton and Mr. K. G. Smith have been elected members of the council of the INSTITUTE OF ACTUARIES. The Councils of that Institute and the Faculty of Actuaries state that Mr. W. W. Truckle has been appointed to succeed Mr. E. J. W. Dyson when he retires as secretary-general of the Actuarial Tuition Service on December 13. Mr. Truckle will combine the post of director of the Actuarial Tuition Service with the new title of chief education officer of the Institute of Actuaries.

*

Mr. David Davidson, a member of the midland and north west regional committee of UNICHEM, has been appointed a non-executive director.

*

Mr. C. D. Grier has been appointed managing director of BRIDGTOWN INDUSTRIES, a subsidiary of Duport in succession to Mr. J. Watters, who is retiring because of ill-health. Mr. R. A. Moulder has been appointed a non-executive director of that subsidiary.

*

Major John R. Henderson has been appointed to be Vice-Lord Lieutenant of the ROYAL COUNTY OF BERKSHIRE. He is a partner in Cazenove and Co., stockbrokers, and a director of Barclays Bank.

*

Mr. Ralph T. Kanter has been appointed group chief executive of the FENTON HILL GROUP. He is at present group managing director banking of the Thomas Cook Group and will be taking over his new position in succession to Mr. Brian Winston during September.

*

Mr. John Harcourt has been appointed a director and general manager of CARDINAL STEEL STOCKHOLDERS. He was previously with GKN Steelstock.

*

Mr. Alan F. Winton and Mr. Vernon J. Lewis have been appointed joint managing directors of RANCO EUROPE in the UK.

*

Mr. J. A. Jeanes has become secretary of the SKIPTON BUILDING SOCIETY. Mr. H. Tayforth, who was elected a director earlier this year, continues as general manager.

*

Mr. C. B. Poulton has been appointed a director of SPENCER GEARS (HOLDINGS) and Mr. C. H. Spencer has retired from the Board. Mr. Poulton joined the group in 1976 and succeeded Mr. Spencer as managing director of Spencer Gears Limited, a subsidiary.

*

Mr. K. A. Barnett and Mr. D. W. Evans have been appointed to the main Board of Bartella.

*

Mr. Timothy J. Murphy has been appointed chief manager for Spain of NATIONAL WESTMINSTER BANK.

*

Mr. J. M. Houston has been appointed group accountant of COATS PATONS in succession to Mr. D. M. Crawford, who has retired.

*

Mr. D. W. Neighbour, former managing director of PHS Van Ommeren (London), has been made chairman of the NORTH ATLANTIC WESTBOUND FREIGHT ASSOCIATION succeeding Mr. D. Conway who has retired.

*

Mr. Lionel Woodcock has become managing director of SSI INTERNATIONAL, recently formed to market Simplan, the computer-based corporate planning and modelling system. Mr. John Savage has become sales manager and Mr. Geoffrey Johnson, service manager.

*

Mr. Richard Blake has been appointed financial director of MARDON SON AND HALL (Mardon Packaging International). He succeeds Mr. Alan Knight, who becomes personnel director designate, pending the retirement at the end of the year of Mr. C. S. N. Tomlin.

*

Mr. Alastair MacDonald and Mr. Christopher Walls have joined SIMON AND COATES, stockbrokers, as property specialists. Mr. MacDonald was formerly with Debenham Tewson and Chinnocks. Mr. Walls was previously property analyst at W. Greenwell, stockbrokers.

*

Mr. Paul R. Dudman has been appointed a full partner for investment matters of EDWARD ERDMAN AND CO. and Mr. Trevor A. Morgan has been made an associate partner.

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OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jun. 26	July 9	Sep. 20	Oct. 2
July 10	July 23	Oct. 4	Oct. 16
July 24	Aug. 6	Oct. 18	Oct. 30

For rate indications see end of Share Information Service

Money was given for the call in Sound Diffusion, Western Mining, William Bolton, Belhaven Brewery, Raybeck, Mixconcrete, John Brown, Capital and Counties, Laurence Scott, Town and City, Maynards, Oxley Printing, Bourainville, Attock Oil, Ladbroke Warrants, Hogg Robinson and William Press. No puts were reported.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
Unilever	25p	9	548xd	− 8	680	520
BP	£1	8	1,240	− 5	1,295	882
Fairline Boats 'New'	10p	8	96	—	99	96
Lon. & Midlands Inds.	25p	8	117	+ 7	133	98
Ladbroke	10p	7	195	−15	243	167
Stand. Tel. & Cables 'New'	25p	7	182	—	186	178
Ultramar 'New'	25p	7	318	—	319	310
Burmah Oil	£1	6	136	+ 1	136	82
Grand Met. 'New'	50p	6	144	+ 8	144	131
Lloyds Bank	£1	6	328	+12	360	272
BATs Defd.	25p	5	257	− 1	337	242
Coalite Grp.	25p	5	92	+ 2	92	62
EMI	50p	5	105	+ 4	144	94
Glaxo	50p	5	448	− 2	600	438
ICI	£1	5	345	—	415	345

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P.E. Ratio
60	F.P.	11/7	91	76	B & Q (Retail) 5p	82	+1	2.45	2.6	3.0	17.6
‡‡	F.P.	—	76	66	‡Dallight 10p	72	......	[illegible]	[illegible]	3.9	7.2
‡‡	F.P.	—	97	80	Fairline Boats	97	......	b3.5	3.6	5.1	7.0
‡‡	F.P.	22/6	53	51	Fulcrum Inv. Income	51½	......	4.0	—	11.6	—
‡‡	F.P.	28/6	4½	3	Do. Capital 2½p	4	......	—	—	—	—
‡‡	F.P.	—	37	35	Mettoy Dfd.	35	......	—	—	—	—
‡‡	F.P.	—	44	40	Phicom 10p	40	......	N1.0	4.6	3.6	14.6
160	F.P.	—	186	178	StandardTel.&Cables	182	......	—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
‡‡	Nil	—	1¼	1¼	English & Overseas Inv. Conv.	1¼pm	......
100	F.P.	27/7	110½	107½	Kwik-Fit (Tyres) 8% Cnv. Ln. 1979/85	110	......
100	F.P.	26/6	102	90	Marsh'll's Univ'rs'l 7½% Cnv. Cum. Red. Prf	90	−1
100	F.P.	30/8	102	100	Portsmouth Water 8% Red. Prf. 1984	101	......
98	F.P.	23/8	98¼	95½	York Water 12% Deb 1986	96	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1979 High	1979 Low	Stock	Closing prices p	+ or −
36	Nil	9/7	10/8	4pm	1pm	Causton Sir (J.)	1½pm	......
65	nil	—	—	22pm	17pm	Century Oils	22pm	+1
22½	Nil	10/7	10/8	6pm	2½pm	Combined English Stores	4pm	......
55	F.P.	8/6	6/7	51	40	Edwards (Louis C.)	40	......
195	Nil	—	—	28pm	24pm	Elliott (B.)	24pm	......
100	Nil	—	—	38pm	33pm	Geevor Tin	35pm	......
126	F.P.	29/6	10/8	142	131	Grand Metropolitan	144	+8
165	Nil	—	—	41pm	27pm	Holt Lloyd Intl	46pm	+1
110	Nil	5/7	7/9	3pm	½pm	Intl. Timber	½pm	−½
154	F.P.	22/6	27/7	174	157	MEPC	174	+3
105	Nil	—	—	3pm	1pm	McCorquodale	2½pm	......
85	F.P.	—	—	121	101½	P.M.A. Holdings	119	−1
210	Nil	22/6	20/7	60pm	40pm	Peterson Tennant	40pm	......
20	F.P.	—	—	43½	29	Provincial Laundries	37½	−½
60	F.P.	29/6	20/7	86	81	Scotcros	86	+2
265	F.P.	15/6	27/7	295	270	Simon Engineering	280	+2
60	Nil	—	—	59pm	57pm	Sound Diffusion	57pm	......
150	F.P.	15/6	13/7	156	142	Smurfit (Jefferson)	152	+2
455	F.P.	4/6	6/7	507	460	Standard Chartered Bank	460	−5
138	F.P.	18/6	9/7	145	131	Tilling (Thomas)	132	......
175	F.P.	23/5	4/7	254	210	Tricentrol	248	+4
95	F.P.	7/6	13/7	105¾	92	UDS	93	−1
57	Nil	—	—	7pm	4½pm	UBM	4½pm	......
87	Nil	—	—	15pm	7pm	W.G.I.	11pm	......
20	F.P.	19/6	13/7	25½	17½	Weeks Associates	17½	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. : Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., July 2, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., June 29 Index No.	Thurs., June 28 Index No.	Wed., June 27 Index No.	Tues., June 26 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	243.22	+0.2	17.44	5.55	7.49	242.67	241.27	239.46	241.96	218.25
2	Building Materials (27)	225.89	+0.2	17.57	5.58	7.54	225.45	222.72	221.45	222.78	196.65
3	Contracting, Construction (28)	361.30	+0.9	25.04	5.76	5.03	358.15	353.54	354.49	358.14	337.01
4	Electricals (14)	586.48	+0.4	13.15	3.30	10.47	584.13	579.23	565.33	574.52	466.50
5	Engineering Contractors (12)	367.90	+0.9	19.70	6.33	6.50	364.54	361.85	360.17	362.00	318.46
6	Mechanical Engineering (75)	182.27	−0.1	18.09	6.20	7.18	182.37	182.31	182.32	184.14	167.70
8	Metals and Metal Forming (16)	164.52	−0.3	19.66	9.10	6.37	165.07	165.72	166.33	167.54	159.79
11	CONSUMER GOODS (DURABLE) (52)	228.83	−0.5	15.38	4.89	8.52	229.88	227.74	228.18	230.53	193.23
12	Lt. Electronics, Radio, TV (16)	311.07	−0.4	12.03	3.69	11.66	312.48	310.40	311.27	314.48	226.66
13	Household Goods (12)	158.33	+0.4	17.83	7.09	7.36	157.73	157.93	159.37	159.99	173.11
14	Motors and Distributors (24)	116.78	−0.7	22.34	7.10	5.44	117.62	116.90	116.58	118.04	122.99
21	CONSUMER GOODS (NON-DURABLE) (171)	234.22	—	16.20	5.78	7.82	234.21	232.65	230.82	234.06	197.30
22	Breweries (14)	272.66	+0.7	15.23	5.42	7.76	270.71	268.08	266.12	270.75	220.22
23	Wines and Spirits (6)	303.06	+0.8	15.50	4.76	9.40	300.71	297.77	294.03	300.80	250.12
24	Entertainment, Catering (17)	317.38	+1.2	15.67	6.39	8.41	313.61	305.68	301.69	306.66	247.03
25	Food Manufacturing (19)	208.44	−3.4	18.94	6.13	6.56	215.70	214.93	212.20	214.80	191.82
26	Food Retailing (15)	292.21	—	12.01	4.07	10.35	292.27	291.35	290.25	295.20	199.38
32	Newspapers, Publishing (12)	428.68	+0.6	21.79	6.79	6.51	426.30	427.53	426.96	429.77	386.62
33	Packaging and Paper (15)	128.54	+0.1	23.17	8.30	5.59	128.47	128.00	127.57	128.48	131.26
34	Stores (41)	237.67	+0.9	11.88	4.12	11.26	235.57	234.15	233.45	235.84	180.56
35	Textiles (23)	161.30	+0.2	22.40	9.44	5.69	161.00	162.21	160.68	164.64	169.67
36	Tobaccos (3)	240.51	−0.2	23.21	8.92	4.97	241.00	240.03	236.14	239.70	238.28
37	Toys and Games (6)	71.83	−0.9	31.50	9.14	3.81	72.51	72.69	74.12	74.64	107.35
41	OTHER GROUPS (99)	202.29	+0.1	15.73	6.08	7.88	202.04	200.83	200.39	202.12	192.48
42	Chemicals (18)	282.32	—	17.97	6.69	6.49	282.24	281.96	282.09	285.71	275.98
43	Pharmaceutical Products (7)	220.45	+0.2	12.51	4.95	9.93	219.92	216.56	214.39	217.23	251.88
44	Office Equipment (6)	119.36	+0.1	17.17	6.58	7.35	119.28	119.63	118.89	118.84	128.52
45	Shipping (10)	452.01	−0.8	10.30	6.64	13.00	455.46	451.87	453.25	457.09	405.61
46	Miscellaneous (58)	242.06	+0.3	16.03	5.90	8.12	241.31	239.76	239.05	240.34	198.78
49	INDUSTRIAL GROUP (494)	235.44	+0.1	16.34	5.73	7.80	235.32	233.85	232.51	235.21	205.72
51	Oils (6)	687.50	−0.7	11.47	3.05	9.27	692.10	701.55	691.99	702.09	477.64
59	500 SHARE INDEX	271.70	−0.1	15.43	5.23	8.03	271.92	271.24	269.28	272.56	228.29
61	FINANCIAL GROUP (116)	190.13	+1.5	—	5.33	—	187.35	186.23	185.52	187.56	156.58
62	Banks (6)	233.36	+2.8	28.54	4.97	4.53	227.11	228.67	227.82	233.17	178.47
63	Discount Houses (10)	270.04	+3.8	—	6.79	—	260.09	253.71	253.24	252.98	200.79
64	Hire Purchase (5)	160.66	+1.4	20.68	5.40	6.23	158.43	158.33	159.33	162.38	138.74
65	Insurance (Life) (10)	151.91	+0.2	—	6.69	—	151.56	150.29	152.96	154.97	128.06
66	Insurance (Composite) (8)	124.37	+1.4	—	7.26	—	122.60	121.89	120.46	121.47	120.04
67	Insurance Brokers (10)	257.12	−1.9	19.54	7.14	7.32	262.08	256.19	258.16	261.48	323.31
68	Merchant Banks (14)	97.40	+1.3	—	5.38	—	96.17	95.92	96.20	96.15	76.28
69	Property (43)	347.82	+1.6	3.06	2.55	49.96	342.22	334.95	331.32	334.59	225.29
70	Miscellaneous (10)	118.54	−0.1	15.70	7.53	8.16	118.60	120.74	120.82	121.22	105.98
71	Investment Trusts (110)	208.46	−0.5	—	5.44	—	209.42	208.99	208.79	210.02	208.14
81	Mining Finance (4)	120.50	+0.7	16.57	6.25	7.33	119.62	119.28	119.15	119.37	98.45
91	Overseas Traders (20)	348.73	−0.5	15.19	7.08	8.13	350.57	351.67	351.74	355.34	307.91
99	ALL-SHARE INDEX (750)	248.29	+0.2	—	5.32	—	247.88	247.15	245.65	248.46	209.94

	FIXED INTEREST PRICE INDICES British Government	Mon., July 2	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	105.46	+0.58	—	4.77
2	5-15 years	116.70	+1.79	—	5.81
3	Over 15 years	122.62	+1.93	—	7.30
4	Irredeemables	132.86	+2.75	—	7.24
5	All stocks	114.24	+1.42	—	5.95

	FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.		Mon., July 2	Fri., June 29	Year ago (approx.)
1	Low Coupons	5 years	10.31	10.55	[illegible]
2		15 years	10.80	11.05	11.07
3		25 years	11.29	11.35	11.79
4	Medium Coupons	5 years	11.92	12.31	[illegible]
5		15 years	12.30	12.57	12.29
6		25 years	12.37	12.57	12.33
7	High Coupons	5 years	12.21	12.58	11.78
8		15 years	12.64	12.92	[illegible]
9		25 years	12.66	12.89	[illegible]
10	Irredeemables		11.82	[illegible]	[illegible]

		Monday, July 2 Index No.	Yield %	Fri., June 29	Thurs., June 28	Wed., June 27	Tues., June 26	Mon., June 25	Fri., June 22	Thurs., June 21	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.28	†12.97	57.10	57.02	56.94	56.82	56.98	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	49.51	13.59	49.66	49.66	49.66	48.88	48.38	48.38	49.38	[illegible]
17	Coml. and Indl. Prefs. (20)	69.08	13.08	68.87	68.87	68.87	69.10	69.10	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.
Alexander Fund ..... | US$7.84 | ..... | —
Net asset value June 25.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741
AHR Gilt Edg.Fd. ..... | £12.13 | 12.14 | ..... | 12.23

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077
Cap. Tst. (Jersey) ..... | 119.0 | 123.0 | +2.0 | 8.13
Next dealing July 9.
Gov't Secs. Tst. ..... | 93.5 | 97.0 | +1.5 | 12.89
Next dealing July 9.
East & Intl. Tst. (C.I.) ..... | 100 | 107 | ..... | 3.50
Next dealing date July 12.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127 Kent St., Sydney
US$1 Shares ..... | $US1.48 | ..... | —
Net asset value November 24.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.
Wldinvest Income ..... | 112.83 | 113.41 | +0.41 | 8.16
Prices at June 28. Next sub. day July 4.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels
Renta Fund ..... | SUS58.77 | 60.59 | ..... | 8.07

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806
Barb. Int. Fund ..... | 84.2 | 89.2 | ..... | 5.00

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741
Overseas Income ..... | 48.6 | 51.1 | ..... | 12.50
Unidollar Trust ..... | $US11.50 | 12.15 | ..... | 1.66
Unibond Trust ..... | $US98.14 | 99.08 | ..... | 9.00
1, Thomas St., Douglas, Isle o. Man. 0624 4856
Unicorn Aust. Ext. ..... | 40.9 | 44.0 | ..... | 2.00
Do. Aust. Min. ..... | 30.5 | 32.9 | ..... | 1.80
Do. Gtr. Pacific ..... | 67.6 | 72.7 | ..... |
Do. Intl. Income ..... | 36.5 | 39.3 | ..... | 8.90
Do. Isle of Man Tst. ..... | 47.2 | 50.8 | ..... | 8.90
Do. Manx Mutual ..... | 26.1 | 28.1 | ..... | 1.80

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911
ARMAC *June 4 ..... | $US39.83 | 42.35 | ..... | —
CANRHO **June 4 ..... | £1.079 | 1.145 | ..... | —
COUNT **June 4 ..... | £2.939 | 3.117 | ..... | 1.68
Originally issued at *$10 and **£1. Next val. July 2.

Bishopsgate Progressive—Ldn. Agents
9, Bishopsgate, EC2N 3AD 01-588 6280
BNAUT Inc. June 27 ..... | $US2.82 | 2.98 | ..... | —
BNASF June 28 ..... | 100.0 | 107.06 | ..... | —

Bridge Management Ltd.
P.O. Box 508, Grand Cayman, Cayman Is.
N'bashi May 31 ..... | Y16,470 | ..... | —
G.P.O. Box 590, Hong Kong
Nippon Fd. June 27 ..... | US$16.79 | 17.54 | ..... | 0.94

Britannia Tst. Mngmt. (C.I.) Ltd.
30 Bath St., St. Helier, Jersey. 0534 73114
Sterling Denominated Fds.
Growth Invest ..... | 37.9 | 41.0 | ..... | 2.00
Far East & Int. Fd. ..... | 75.8 | 81.9 | ..... | 1.00
Jersey Energy Tst. ..... | 166.0 | 179.5 | ..... | 1.50
Univsl. $ Tst. Stg. ..... | £2.34 | 2.46 | ..... | 1.00
High Int. Stlg. Tst. ..... | £0.92 | 0.95 | ..... | 12.60
U.S. Dollar Denominated Fds.

Kemp-Gee Management. Jersey Ltd.
1 Charing Cross, St. Helier, Jersey. 0534 73741
Capital Fund ..... | 113.5 | 117.0 | ..... | —
Income Fund ..... | 64.6 | 66.7 | ..... | 9.16
Gilt Bond ..... | £1.015 | 1.069 | ..... | —

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE 01-606 7070
Fonselex ..... | Fr1,305 | 1,436 | +8 | 2.40
Bondselex ..... | 117.10 | 122.90 | ..... | 2.40
Cent. Assets ..... | £147.07 | 147.14 | +0.11 | —

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856
Gilt Fund (Jersey) ..... | 9.27 | 9.32 | ..... | 12.00
Gilt Trust (I.o.M.) ..... | 107.7 | 110.9 | +3.5 | 12.00
Gilt Fnd. Guernsey | 9.47 | 9.53 | ..... | 12.00
Intl. Govt. Secs. Tst.
First Sterling ..... | £19.32 | 19.39 | ..... | —
First Intl. ..... | $US207.65 | 218.04 | ..... | —

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000
Eurinvest ..... | LF1107 | | −7 | 4.34
Guernsey Inc. ..... | 67.0 | 71.0 | ..... | 4.61
Do. Accum. ..... | 85.2 | 90.2 | ..... | 4.61
KB Far East Fd. ..... | US$13.16 | | ..... | 2.28
KB Gilt Fund ..... | £10.76 | 10.82 | ..... | 11.46
KB Intl. Fund ..... | US$12.46 | | ..... | 2.25
KB Japan Fund ..... | US$32.37 | | ..... | 0.92
K.B. U.S. Gwth. Fd. ..... | $US13.18 | | ..... | 1.59
Signet Bermuda ..... | US$5.37 | | ..... | 1.88
K.B. Int. Bd. Fd. ..... | $104.40 | | ..... | —

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Lloyds Tst. O'seas ..... | 52.1 | 54.8 | ..... | 2.75
Next dealing July 16.
Lloyds Trust Gilt ..... | £10.09 | 10.10 | ..... | 12.00
Next dealing July 4.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)
Lloyds Int. Growth ..... | SF332.00 | 355.5 | ..... | 1.20
Lloyds Int. Income ..... | SF291.5 | 303.0 | ..... | 5.30

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588
Atlantic June 26 ..... | US$3.57 | 3.91 | ..... | —
Aus. Ex. June 27 ..... | $US2.63 | 2.97 | ..... | —
Gold Ex. Acc. ..... | $US18.82 | 20.87 | ..... | —
Island ..... | 140.0 | 149.0 | +0.4 | 13.87
(Accum Units) ..... | 203.8 | 216.9 | +0.7 | 13.87

Samuel Montagu Ldn. Agents
114, Old Broad St., EC2. 01-588 6464
Apollo Fed. June 20 ..... | SF43.72 | 47.45 | ..... | 2.88
Japfest June 15 ..... | HK$12.82 | 13.88 | ..... | 1.34
117 Group June 13 ..... | $US11.16 | 12.18 | ..... | 2.38
117 Jersy June 13 ..... | £5.07 | 5.47 | ..... | 0.73
117 Jsy. O's June 6 ..... | £8.06 | 8.49 | ..... | —

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
*Hope St. Fd. ..... | $US32.40 | ..... | —
*Murray Fund ..... | $US12.55 | ..... | —
*NAV June 15.

Nat. Westminster Jersey Fd. Mgrs. Ltd.
45 La Motte St., St. Helier, Jersey 0534 36241
High Income Fund ..... | 49.5 | 52.0 | ..... | —
Equity Fund ..... | 49.0 | 51.0 | ..... | —

Negit S.A.
10a Boulevard Royal, Luxembourg
NAV June 29 ..... | US$12.15 | +0.02 | —

Negit Ltd.

[illegible]

Jardine Flem. Int. ..... | US$12.86 | ..... | 0.80
Intl. Pac. Secs. (Inc.) ..... | US$13.27 | ..... | 1.30
Do. (Accum.) ..... | US$13.46 | ..... | —
NAV June 29. *Equiv. US$76.26.
Next sub. day July 15.

Leopold Joseph & Sons (Guernsey)
Hirzel Ct., St. Peter Port, Guernsey. 0481-26648.
L.J. Sterling Fund ..... | £10.12 | 10.13 | −0.02 | —

TMT Ltd. June 14 ..... | £10.81 | 11.09 | ..... | 1.06

World Wide Growth Management◆
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd | US$18.53 | +0.04 | —

Wren Commodity Trust
10, St. George's St., Douglas IoM 0624 25015
Wren Commod. Tst. ..... | 38.0 | 38.4 | ..... | —

NOTES

Prices do not include $ premium, except where indicated ◆, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ▼ Net of tax on realised capital gains unless indicated by ◆. ¶ Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

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BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

1979 High	Low	Stock	Price £	+ or -	Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	84½	Do. 11pc Uns.Ln. '88	90½xd	+½	12.15	12.70
101½	84	Do. 11¾pc Uns.Ln. '90	92½xd	+½	12.70	13.10
72½	57	Do. 7¼pcADeb. '89-92	64½xd	+1	11.24	12.90
69	53½	Do. 7¼pcA Db. '91-94	64	......	11.73	13.10
81½	64½	Do.9pc'A' '91-94	76½	+1	12.22	13.00
78½	62½	Do.8¾pcLn. '92-97	74¾	+1¼	12.52	13.30
101	95½	Do. 12½pc Uns. Ln. 1992	97½	+½	13.19	13.40

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 77⅛% (based on US$2.1910 per £)
Conversion factor 0.9301 (0.9084)

CANADIANS

[illegible]

S.E. List Premium 77⅛% (based on $2.5602 per £)

BANKS AND HIRE PURCHASE

1979 High	Low	Stock	Price	+ or -	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16¾	13½	Fraser Ans. 10p	13½	......	—	—	—	—
260	178	Gerrard Natnl.	260	+4	9.12	—	5.0	—
62	39	Gibbs (A.)	40	+1	2.2	—	7.9	—
270	217	Gillett Bros. £1	263	+3	16.95	—	9.2	—
29	19	Goode D't Mry.5p	23	......	0.25	—	1.6	—
153	116	Grindlays	124	......	3.07	7.5	3.5	3.8
120	97	Guinness Peat	98	......	H5.67	—	8.3	—
330	173	Hambros	302xd	+12½	10.92	—	5.2	—

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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Africa

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O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

MINES—Continued

AUSTRALIAN

1979 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
14	9	Acmex	12	......	—	—	—
171	108	Bougainville 50 Toea	108	......	Q15c	1.8	8.6
140	84	BH South 50c	87	–4	—	—	—
860	340	Central Pacific	860	+50	—	—	—
318	182	Conzinc Riotinto 50c	186	–4	§Q10c	2.0	3.1
36	16	Cultus Pacific N.L.	22	+1	—	—	—
21½	11	Endeavour 20c	13	+1	—	—	—
98	62	G.M. Kalgoorlie $1	77	–1	Z03c	—	2.2
42	23	Haoma Gold N.L.	24	......	—	—	—
174	148	Hamptn Areas 5p	170	......	†3.55	2.0	3.0
71½	25	Metals Ex. 50c	45	......	—	—	—
275	177	M.I.M. Hldgs. 50c	183	+1	†Q9c	1.7	2.8
15	15	Minefields Expl.	15	......	—	—	—
74	38	Mount Lyell 25c	40	......	—	—	—
44	15	Newmetal 20c	16	......	—	—	—
141	96	North B. Hill 50c	96	–1	†Q8c	1.3	4.7
22	11	Nth. Kalgurli	15½	......	—	—	—
40	22	Nth. West Mining	23	–1	—	—	—
137	84	Oakbridge $A1	88	......	Q12c	1.9	7.9
37	22	Oilmin N. L.	33	+1	—	—	—
120	58	Pacific Copper	66	......	—	—	—
£10¼	625	Pancont'l 25c	725	......	—	—	—
25¾	15½	Paringa M&Ex.5p	21	+½	—	—	—
510	268	Peko-Wallsend 50c	284	+2	Q15c	3.3	3.0
340	145	Southern Pacific	340	+17	—	—	—
188	126	Westn. Mining 50c	126	–1	†Q3c	0.7	1.4
11	9	Westmex	10	......	—	—	—
65	50	Whim Creek 20c	50	–5	—	—	—
25	13	York Resources	13	......	—	—	—

TINS

1979 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	26	......	2.81	1.9	15.4
435	285	Ayer Hitam $M1	285	–15	Q300c	0.5	22.6
72	51	Beralt Tin	53	......	4.0	3.3	10.8
270	180	Berjuntai $M1	180	–10	†Q110c	1.0	15.0
160	125	Geevor	125	–10	8.71	3.1	10.0
10½	8	Gold & Base 12½p	9½	......	—	—	—
365	295	Gopeng Cons.	335	–5	†18.0	1.4	7.7
370	295	Hongkong	320	–20	†12.5	2.8	5.6
98	64	Idris 10p	87	......	8.0	ϕ	13.7
14	9½	Jantar 12½p	10	......	ϕ	—	—
95	63	Kamunting $M0.50	63	–2	†Q12.5c	2.1	4.3
620	210	Killinghall $M1	360	......	—	—	—
465	365	Malay Dredging $M1	385	–10	†175c	0.7	1.7
57	31	ΔPahang	31	–2	—	—	—
123	60	Pengkalen 10p	103	–2	4.5	1.2	6.5
275	205	Petaling $M1	215	–5	†Q120c	1.3	12.0
85	67	Saint Piran	67	–2	†2.03	6.5	4.3
58	46	South Crofty 10p	46	......	†4.19	2.0	13.8
230	170	South Kinta $M0.50	175	–15	†Q245c	0.6	17.8
405	285	Sthn Malayan $M1	355	–15	†Q190c	1.0	11.5
310	210	Sungei Besi $M1	255	–5	mQ65c	5.3	5.5
75	48	Supreme Corp. $M1	48	–2	ZQ10c	—	4.5
105	94	Tanjong 15p	95xd	–2	7.5	ϕ	11.3
115	90	Tongkah H. Tin	95	......	†Q24c	0.7	5.7
280	190	Tronoh $M1	190	–15	Q25c	5.2	3.0

COPPER

1979 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
111	56	Messina R0.50	70	–6	—	—	—

MISCELLANEOUS

1979 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
81	54	Barymin	68	+2	—	—	—
13½	10	Burma Mines 17½p	12	–1	—	—	—
345	170	Cons. Murch. 10c	275xd	–2½	ZQ30c	—	6.5
410	325	Northgate C$1	375	–25	—	—	—
362	226	R.T.Z.	275	......	11.5	2.7	6.0
31	18	Robert Mines	23	–1	—	—	—
65	36	Sabina Inds. C$1	37	......	—	—	—
880	612	Tara Exptn. $1	612	–13	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1979 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
$17½	$10½	Buffels R1	$14⅝	+⅝	Q200c	ϕ	16.4
$15½	890c	East Drie R1	$13⅜xd	+⅜	†Q115c	1.6	10.2
950c	350c	East Rand Prp. R1	888cxd	+6	†Q10c	—	1.3
$27½	$18¼	F.S. Geduld 50c	$27	+½	†Q315c	2.4	13.8
$19⅝	$11⅛	Pres. Brand 50c	$18⅛	+¼	†Q150c	3.2	9.8
$18⅝	$10¾	St. Helena R1	$17⅛	+⅛	†Q190c	1.4	13.2
760c	407c	Stilfontein 50c	630c	+10	†Q66c	ϕ	13.2
$34⅝	$18¼	Vaal Reefs 50c	$32½	+¾	Q280c	2.7	9.9
$50¼	$28¾	West Drie R1	$44½xd	......	Q615c	1.7	17.8
$35¾	$22¼	West Hldgs. 50c	$32⅞	+⅛	†Q415c	1.4	15.0
$16¾	$10⅜	Western Deep R2	$15½	+⅜	Q147½c	2.1	11.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✠ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......
Bertam	25	......
Bdg'wtr. Est. 50p	400	......
Clover Croft	28	......
Craig & Rose £1	£11½	......
Dyson (R. A.) A	28	–4
Ellis & McHdy	68	......
Fife Forge	54	......
Finlay Pkg. 5p	20	......
Graig Ship. £1	310	......
Higsons Brew	78	......
Holt (Jos) 25p	260	......
I.O.M. Stm. £1	160	......
Pearce (C. H.)	240	......
Peel Mills	30	......
Sheff. Refrshmt	90	......
Sindall (Wm.)	148	......

IRISH

Conv. 9% '80/82	£87⅝	......
Nat. 9¾% 84/89	£74⅝	......
Fin. 13% 97/02	£88½	......
Alliance Gas	62	......
Arnott	370	......
Carroll (P.J.)	111	......
Clondalkin	86	......
Concrete Prods.	108	......
Heiton (Hldgs.)	80	–1
Ins. Corp.	217	......
Irish Ropes	87½	......
Jacob	45	......
T.M.G.	190	......
Unidare	83	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	9	I.C.I.	24	Tube Invest.	30
BOC Intl.	6	"Imps"	8	Unilever	55
B.S.R.	7	I.C.L.	55	U.D.T.	5
Babcock	18	Inveresk	7	Utd. Drapery	10
Barclays Bank	32	KCA	5	Vickers	18
Beecham	52	Ladbroke	22	Woolworths	7½
Blue Circle	18	Legal & Gen.	14	**Property**	
Boots	18	Lex Service	11	Brit. Land	7½
Bowaters	18	Lloyds Bank	25	Cap. Counties	9
B.A.T.	28	"Lots"	5	Land Secs.	25
Brown (J.)	50	London Brick	7	MEPC	17
Burton 'A'	26	Lonrho	8	Peachey	13
Cadburys	7	Lucas Inds.	25	Samuel Props.	14
Courtaulds	10	"Mams"	18	Town & City	2¾
Debenhams	8	Mrks. & Spncr	11	**Oils**	
Distillers	21	Midland Bank	30	Brit. Petroleum	100
Dunlop	6½	N.E.I.	14	Burmah Oil	13
Eagle Star	14	Nat. West. Bank	28	Charterhall	5
E.M.I.	12	Do. Warrants	15	Premier	5
Gen. Accident	21	P & O Dfd.	10	Shell	25
Gen. Electric	35	Plessey	10	Ultramar	25
Glaxo	50	R.H.M.	5	**Mines**	
Grand Met.	14	Rank Org.	25	Charter Cons.	16
G.U.S. 'A'	30	Reed Intnl.	18	Cons. Gold	20
Guardian	24	Sears	5½	Rio T. Zinc	27
G.K.N.	28	Spillers	4½		
Hawker Sidd	26	Tesco	7		
House of Fraser	18	Thorn	35		
		Trust Houses	17		

A selection of Options traded is given on the London Stock Exchange Report page.

FINANCIAL TIMES

Tuesday July 3 1979

More bombs shake Spanish resorts

BY DAVID GARDNER

BASQUE GUERRILLAS yesterday exploded two more bombs in Spanish holiday resorts, and carried out a machine-gun attack on a night train from Paris to Hendaye. No casualties were reported.

Spain also suffered two other tragedies yesterday, coinciding with the start of the tourist season. Five people died and 20 were injured in an hotel fire in Palma, the capital of Majorca. Police have ruled out foul play. In central Spain, the town of Valdepenas was devastated by sudden floods.

The machine-gun attack on the Puerta del Sol night express occurred near San Jean de Luz, in the French Basque country. The train was halted by a flaming barricade at the exit to a tunnel. When it stopped, two terrorists opened fire with automatic weapons from either side, spraying the under part of the carriages.

Two bombs for which the politico-military wing of the nationalist guerrilla organisation, ETA, claimed responsibility, exploded in a hotel in Castellon, on Spain's east coast, and in nearby Peniscola, where the tourist office was destroyed. These brought the number of explosions in coastal resorts to 11 since last Wednesday.

In every case so far, up to two hours warning has been given. But on Saturday, a Belgian couple were seriously injured by an explosion in the southern resort town of Marbella, near the tourist complex of Puerto Banus. The couple had apparently remained on a secluded part of the beach, oblivious to police warnings.

The bombings are an attempt to force the Government into transferring more than 100 alleged ETA activists held in the maximum security prison of Soria to jails in the Basque country.

Basque groups have frequently protested at conditions in the Soria, where incidents between prisoners and police are frequent.

The guerrillas extended the campaign of violence to the French Basque country on Saturday, when the subprefect's office in Bayonne was badly damaged by a powerful bomb, and the town was the scene of running street battles between CRS police units and Basque demonstrators.

The Basque nationalists want the right of asylum restored to Basques resident in France. Since it was withdrawn by the French Government in February, French lorries have become favoured targets on the Spanish side of the border.

Arthur Sandles writes: The British are pressing ahead with their Spanish holidays in spite of the terror campaign. According to Thomson Holidays "there has been no fall off in bookings and no noticeable cancellations."

Last year Spain earned £2.2bn from tourism, almost one-third of all foreign exchange earnings.

Thomas Cook, Britain's biggest travel retail chain, said there has been no effect on travel to Spain whatever apart from a few inquiries as to the safety of travel to that country.

It is normal practice in tour operating to run programmes normally unless companies are advised to change their plans by the Foreign Office. It seems that situation is a long way off at present.

Cancelling a package tour shortly before departure can be expensive. Most tour operators insist on full payment and will not offer refunds. Only in the event of illness would money be offered back.

However, the testing time for the effect of the campaign on travel will come at the end of this month. This is when car touring traffic, often families with school age children, is at its peak.

This impulse market can change its plans quickly, moving to Yugoslavia, Italy, or the French coast. Many smaller hotels, particularly around San Sebastian and the Costa Brava, rely on this passing trade for their livelihood.

Gormley gives warning to militants

BY CHRISTIAN TYLER, LABOUR EDITOR

THE COAL Industry's strong position resulting from the world energy crisis should not be prejudiced by persistent militancy from the miners, Mr. Joe Gormley, president of the National Union of Mineworkers, said yesterday.

Mr. Gormley's message to the union's annual conference in Jersey was that the miners would fight for British coal at a time when big consumers, like the Central Electricity Generating Board, were trying to buy abroad. At the same time miners were determined to stay at the top of the national earnings league.

But he warned the union's Left-wing not to rock the boat by taking a hard line on wages, Conservative policies or pit closures.

He said: "We must never give the people of Britain the impression that, although we are in a growth industry, we are still acting as if we are under attack from every side.

"I don't know who we are trying to frighten. We are only frightening our possible customers whom we rely on to buy our coal."

In spite of his appeal for moderation, Mr. Gormley had scarcely sat down before the first political counter-attack of the week was launched.

The Yorkshire delegation successfully moved that a resolution from Durham concerning incentive schemes excluded from the agenda should be put back.

Mr. Gormley said that the incentive scheme was entirely a matter for local negotiation and that the resolution's demand for a formal link between bonus pay and coal face rates was out of order. But he was defeated on a show of hands.

Moderation was not much in evidence when a hard-line wages resolution from the Left was drawn up for debate today demanding pay rises of between 30 and 65 per cent.

During his presidential address Mr. Gormley said that miners had reached the top of the pay league. "We will never allow them to slip from that position." But the union had to be ready to negotiate in the spirit of compromise without threatening confrontation every year.

Nonetheless, the wages resolution is likely to carry the customary warning of a national strike ballot if pay demands are not met.

The NUM president told the delegates not to use industrial muscle for political reasons.

"That is the start of the slippery slope, which will not lead to Socialism but would inevitably bring about a Right-wing backlash to Fascism.

"No, we will keep our muscle to fight our industry problems and in the meantime try to show the British electorate what a ghastly mistake they have made in changing Governments."

No amount of "huffing and puffing" by trade unions would alter the fact of a big Conservative majority in the Commons.

Mr. Gormley warned the Government, which he said was vulnerable to the lure of cheap coal imports, not to interfere with the long-term investment strategy for coal. Any interruption would be "catastrophic for Britain," he said.

Chrysler peace hopes rise

By Arthur Smith, Midlands Correspondent

HOPES WERE rising last night that the strike threatened by 3,500 workers at Chrysler UK's Stoke engine plant, Coventry, might be averted.

Such an outcome would isolate the 2,000 employees at the nearby Ryton assembly factory, who walked out on Friday in protest at the company's offer to increase basic pay by 5½ per cent.

At Stoke, where disruption to the £100m-a-year contract to supply components to Iran has caused extensive lay-offs and short time working, there is less enthusiasm for a confrontation. Workers are expected to vote at a mass meeting today, to give seven-days notice of strike action. It is hoped stewards will be authorised to continue negotiations on a proposed new incentive scheme.

According to Chrysler management, workers could qualify quickly under the scheme for additional payments of around £5 a week.

The decision by Stoke workers is crucial, as the factory supplies engines and components for the Linwood plant, Scotland, which assembles the Sunbeam and Avenger models. Stewards at Linwood, though it has a reputation for militancy, are continuing talks on the annual pay deal, which was scheduled to take effect this week.

Chrysler UK, taken over at the beginning of this year by Peugeot-Citroen, has already given a warning that strike action would almost certainly start a rundown in the size of the company.

Midland switch from consortium strategy

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

MIDLAND BANK has abandoned its reliance on the consortium banking approach as the sole basis for its international expansion.

Mr. Malcolm Wilcox, one of Midland's chief general managers, yesterday admitted for the first time that the use of consortia alone no longer represented a viable international strategy for the UK banking group.

He was speaking only days after Midland announced the largest ever foreign bank takeover in the U.S., with the proposed £250m acquisition of the Walter E. Heller financial conglomerate.

Midland Bank has been the most committed of the major British banks to the use of consortia for international banking. Together with such large European banks as Deutsche Bank of Germany, Société Generale of France, AMRO of Holland and Société Generale de Banque of Belgium, Midland is a member of EBIC, probably the most significant consortium banking club.

These banks represent each others' interests in their own countries. They hold joint stakes in banks operating in areas where the shareholder banks are not represented.

The largest bank owned by EBIC's principal member is European-American Banking, which took over the ailing U.S.-based Franklin National Bank several years ago.

Some bankers have been critical of the disadvantages in consortium banking, particularly the importance of shareholder co-operation. Once individual shareholders start developing their own international operations as well, difficulties may arise.

In EBIC's case, Deutsche Bank has its own operation in New York, while Midland is also represented in France. No other major British bank is so dependent on the consortium approach as Midland. All now have their own international operations.

Mr. Wilcox said that Midland had always pressed for "increasing separateness" of its consortium interests. Other banks involved with EBIC realised that the world of international banking was changing. "Major European banks can no longer look only to minority stakes to satisfy their U.S. ambitions," Mr. Wilcox declared.

Mr. Wilcox said that since 1974 Midland Bank had determined on having two separate international banking strategies. The first was to continue with consortium banking, as a member of the EBIC club. The second was to develop the bank internationally by its own initiative.

"We have made it increasingly apparent to the other members that our own initiative was growing stronger and stronger," he said. Midland would still maintain parallel strategies. But after Heller it was clear that the "own initiative" approach was now dominant.

The Midland management has decided on a number of geographical priorities for its international expansion. Apart from filling the major U.S. gap, other areas identified for investment included Australia and the EEC. There will also be "limited advancement" in South America, the Middle East and the Far East.

"Our objective is to be represented in every major money centre of the world, through a presence in Midland's name," Mr. Wilcox stated. He added there was always a possibility in the longer term that Midland would extent its own representation in other parts of the U.S., apart from Chicago where Heller's sole bank branch is based.

Shut bakery to complain to Ombudsman

BY OUR BELFAST CORRESPONDENT

PETER PAN BAKERIES, the Belfast bread producer which closed with a loss of 390 jobs, is to complain to the Ombudsman about the Government's handling of financial assistance for the shut-down.

Mr. James Kennedy, the chairman, said in his final report to shareholders yesterday that, after the general election, the Government had withdrawn a previous offer to assist towards the closing down costs and towards underpinning share values.

Peter Pan had sold a Londonderry subsidiary, but, following the ending of baking in its West Belfast plant, it was unable to pay its creditors in full and both ordinary and preference shares had lost all value, he said.

The directors would refer the entire question of the Government's action in the shut-down to the Parliamentary Commissioner both in Northern Ireland—in respect of Government and Department of Commerce involvement — and at Westminster, in respect of Treasury involvement.

Last December, Mr. Kennedy said, the Northern Ireland Department of Commerce, told the Ulster baking industry it was anxious to see capacity reduced by 12 per cent to 25 per cent and was prepared to negotiate with any bakery wishing to go into voluntary liquidation to underpin the shareholders to a reasonable extent after payments to creditors and other commitments had been met.

The company decided in January to cease baking. The decision was taken on the understanding that enhanced redundancy payments could be arranged through the Government and that there would be some benefit to shareholders because of a Government undertaking about the value of shares.

After the election the company had pressed the Department of Commerce to meet its commitments under the scheme.

Mr. Giles Shaw, who had taken over as Industry Minister in Ulster, would not accept the company's argument that the Department was bound by the terms of the letter it had issued in December.

The Government was prepared to contribute towards closing costs only to a limited extent, Mr. Kennedy said. The directors were "shocked and distressed" by the failure of the Government to stand by the terms of the offer.

The Department of Commerce would not comment yesterday.

Shares held by the directors and their families in Peter Pan, equal to 45 per cent of the issued share capital, are to be transferred to Isaac Andrews, an Ulster flour milling company, which has an 80 per cent stake in the bakery.

The transfer will be at a price of 1p a share, and Andrews, as majority shareholders, will undertake to pay other creditors £1 in the £ and will minimise the company's deficit by selling the assets without liquidator's charges.

Andrews will purchase any other shares offered to it at the same price of 1p a share.

The remaining bakeries in Ulster, which will pick up Peter Pan's £6m-a-year trade, have provided £150,000 for enhanced redundancy payments to Peter Pan employees.

Peter Pan made trading losses of £762,000 in the five years to March 31, 1976. Although it recorded small trading profits in the following two years, its position rapidly worsened from the summer of last year.

Continued from Page 1

Shell petrol

The company added that if there were any substantial changes in the world price of oil during the next few months — notably if producing countries start to put surcharges on their crude prices — it would have to increase its petrol prices yet again in the autumn.

Shell claimed there was no real shortage of petrol now in the UK. It said that although extremely high prices were being charged by a few petrol stations—some are asking over £1.40 a gallon — these were nearly all independently owned and had bought their product on the spot market.

It added that some petrol stations were closing on Sundays simply to save the cost of staff. Whatever some garages claimed, their shutting on Sundays had "nothing whatever to do with a shortage of petrol."

Shell said it was allocating a certain number of gallons to all the garages it supplied. This was because all its oil product deliveries were about 5 per cent down on last year.

The company dismissed as "a load of nonsense" claims made by Dr. David Owen, Shadow Energy Secretary, that oil companies were profiteering from petrol sales.

Shell said it hoped to achieve a "reasonable rate of return this year" but emphasised that its rate of return in the last three years had been "miserable."

Continued from Page 1

Ladbroke accused

a document called "Casinos 1978 profit plan." It included a budget for research and marketing of £380,000 of which £37,500 was for dinners for guests.

He said the success of the scheme was demonstrated by turnover of the two casino subsidiaries rising more than £10m in 1977 and by their profit rising £3.7m to £8.4m.

Mr. John Mathew, QC, for Ladbroke, tried to have the matter of police corruption removed from the proceedings because he said some of the witnesses would be unwilling to speak while there was the possibility of police prosecutions hanging over them.

The court denied this application and also refused an adjournment for Ladbroke to seek the ruling of the divisional court.

The police also allege that people who were neither members nor bona fide guests habitually gambled at certain Ladbroke clubs and that Mr. Michael Lavelle, who obtained American clients for Ladbroke, gamed despite being an employee or agent of the group.

Mr. Lavelle is also alleged to have been released from some of his gambling debts in contravention of section 16 of the Gaming Act.

Ladbroke's shares fell 15p yesterday to 195p.

Weather

UK TODAY

DRY with sunny intervals in Eastern, Central and Southern England and S.E. Scotland. Mainly cloudy, with some rain or drizzle and fog patches, elsewhere.

London, E., S.E., Cent. S., and Cent. N. England, Midlands, Channel Is.

Dry, with sunny or clear intervals. Max. 20C (68F).

Wales, S.W. and N.W. England, Isle of Man

Sunny intervals. Drizzle or fog in places. Max. 18C (64F).

N.E. England, Borders, Edinburgh and Dundee

Mostly cloudy, bright intervals. Max. 17C (63F).

Rest of Scotland, N. Ireland

Mostly cloudy. Rain or drizzle with fog patches. Max. 17C (63F).

Outlook: Mostly dry

WORLDWIDE

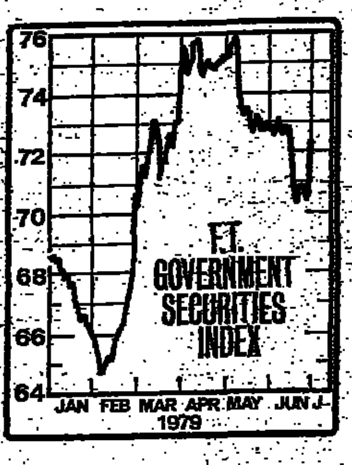
		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	22	72	Locarno	C	18	64
Algiers	C	24	75	London	C	16	61
Amsdm.	F	16	61	Luxmbg.	C	13	55
Athens	S	29	84	Luxor	S	39	102
Bahrain	C	21	70	Madrid	S	22	72
Beirut	S	29	84	Majorca	C	18	64
Belfast	C	15	59	Malaga	F	29	84
Belgrd.	C	20	68	Malta	S	27	81
Berlin	F	14	57	M'chstr	C	14	57
Biarritz	F	18	64	Melbne.	C	12	54
Bmghm.	C	15	55	Milan	R	17	63
Blackpl.	C	14	57	Mntreal.	C	19	67
Bordx.	F	19	66	Moscow	C	21	70
Boulgn.	F	16	61	Munich	C	14	57
Bristol	F	19	66	Nairobi	C	23	74
Brussels	F	17	63	Naples	F	27	81
Budpst.	R	18	64	Nwcstl.	S	17	63
B. Aires	R	13	56	N. York	C	21	70
Cairo	S	34	93	Nice	C	22	72
Cardiff	S	18	64	Nicosia	S	28	82
Cas'b'ca	C	22	72	Oporto	S	24	75
Cape.T.	S	20	68	Oslo	S	17	63
Chicago	S	22	72	Paris	F	19	66
Cologne	C	16	61	Perth	C	18	64
Cpnhgn.	F	15	59	Prague	F	16	61
Corfu	S	30	86	Reykjvk.	C	10	50
Dublin	C	18	64	Rhodes	S	32	90
Dbrvnk.	F	28	82	Rio J'o	S	25	77
Ednbgh.	F	16	61	Rome	S	27	81
Faro	S	23	73	Salzbrg.	R	12	54
Florence	F	29	84	Singapr.	S	31	87
Frankft.	F	16	61	Stckhm.	C	16	61
Funchal	C	21	70	Strasbg.	F	18	64
Geneva	S	17	63	Sydney	S	18	64
Gibrltr.	F	25	77	Tangier	C	21	70
Glasgow	C	14	57	Tehran	S	29	84
G'msey	S	15	59	Tel Aviv	S	28	82
Helsinki	F	16	61	Tenerife	S	21	70
H. Kong	S	29	84	Tokyo	S	31	88
Innsbrk.	C	12	54	Toronto	C	17	63
Invrnss.	C	15	59	Tunis	F	31	88
I.o.Man	C	15	59	Valencia	F	23	73
Istanbul	S	29	84	Venice	F	16	61
Jersey	S	16	61	Vienna	R	13	55
Jo'burg	C	12	53	Warsaw	C	16	61
L. Plms.	F	24	75	Zurich	C	14	57
Lisbon	S	24	75				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

THE LEX COLUMN

Jumping the gun in gilt-edged

Index rose 1.7 to 475.1



The gilt-edged market followed up its recent strength most convincingly yesterday and has now done a thorough job of anticipating a lower interest rate structure. The remains of the long tap vanished at the opening, and fund managers were falling over themselves to get into the market ahead of any overseas buyers. Profit-taking was easily absorbed and the day closed with gains of up to £2¼, while the highest yield available has now come down to 12.8 per cent from 13.1 per cent.

This is not the first time that the market has pre-empted official interest rate policy. It is unusual, though, for it to go so far, particularly at the short end, where stocks are now yielding 2½ points or so less than Treasury bills. If the rally is not to run out of steam gilt-edged buyers will have to have their own way quite soon and see a fall in Minimum Lending Rate.

The trend of money market rates is obscured at the moment by the liquidity shortages created by purchases of the tap stocks, and will be for some time, as heavy calls are due this week and next. It is probably wrong to draw any conclusions from the Bank of England's relatively accommodating behaviour in the discount market yesterday. But the authorities have sold enough stock now to make the money supply figures look satisfactory for a few months to come, and may be able to sell some more if they pitch a new partly-paid stock alluringly.

Now that the market has taken its jump of faith, the forthcoming economic statistics hold few terrors for it; the June banking figures, for example, will seem prehistoric. But if the authorities were primarily concerned with controlling bank lending, rather than the money supply as a whole, when they raised MLR to 14 per cent, they will be unwilling to lower the rate until they see evidence accumulating that the credit squeeze is working, which will take several weeks. The market's bet is that sterling, which rose to 70.1 on the trade-weighted index yesterday and has come up 4.2 per cent since the Budget, will force the Bank's hand. After all few things heighten the attraction of sterling so much as a strong gilt-edged market to which the official brakes are being ineffectively applied.

Mercury Securities

Mercury Securities has increased its dividend by nearly three-fifths—and still has one of the best covered pay-outs in the mercant banking sector. Attributable profits for the year to March are up from £8.1m to £10.7m, and the main features are a very sharp recovery in metal trading and refining, and a strong performance at S. G. Warburg. The joint ventures with Paribas seem to have shown a dullish performance again, but the minority charge—which mainly reflects Paribas' 25 per cent holding in Warburg—is up by more than a quarter. It is clear that the bank was one of the better performing accepting houses last year, and the volume of its merger activity is one of the main explanations.

Meanwhile the balance sheet total has expanded by roughly a fifth to a little over £900m, and the disclosed capital base has shown a similar increase thanks in part to a write back of deferred tax amounting to £4.2m. Mercury's metal trading activities mean that it has been able to take advantage of stock relief, unlike most banking businesses, and there are likely to be more of these clawbacks in future years.

The upshot is that the bank retains a noticeably solid balance sheet, and the prospects for fee income, which is Warburg's strong card, look reasonable for 1979-80. The U.S. associate is apparently doing better, while there is always the chance that the UK Government could put a little business Warburg's way given its plans for asset disposals. The shares have performed much better than the market as a whole for most of this year: they rose 11p to 172p yesterday, and the yield of over 5 per cent is covered more than four times.

Gilt-edged indices

Headaches for the Actuaries. The New FT Actuaries gilt-edged indices were introduced in May, 1977, just when the Government in its inconvenient way started to issue partly paid stocks. To date, these stocks have only been included in the indices from the date that they became fully paid — but a "correct" series has also been calculated incorporating them from their issue dates. The published indices have been brought into line with this correct series whenever the absence of any partly paid stock in the market has made this possible.

There are now two problems. Early this year, several partly paid stocks were issued at a time when the market was swinging violently, and this has meant that the necessary adjustment from the published to the correct series—last made on June 20 — has been much greater than in the past. The trouble is that the change can not always be made in the same period of time as the market movement that created it.

Moreover the calculation of even the correct series is itself a matter for debate. At the moment, it only includes the partly paid element of these troublesome stocks, which necessarily makes the corrected indices more volatile during the partly paid period. Some users argue that this element of gearing should be removed by incorporating from the date of issue an allowance for future calls. Still with us? Anyone with strong views should contact the chairman of the Index Committee, Mr. R. H. Pain of stockbrokers Capel-Cure Myers.

Beecham

Beecham's report and accounts offer plenty of evidence of the group's financial strength. After last year's £83m rights issue it has £135m of net cash outweighing long-term debt of £132m, and shareholders' funds on an SSAP 15 basis total £490m. Leaving aside the rights issue, Beecham financed the £14m acquisition of Scott and Bowne and showed only a negligible cash deficit, even though profits only marked time.

There is nothing in the report to suggest, however, that Beecham is excited about the current year. The figures for the first half of 1979-80 are not generally expected to be up to much, and the shares are still languishing around 550p, nearly 20 per cent below the levels of mid-May.

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